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The Port of San Francisco

January/February 1986

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PROJECTS IN PROGRESS

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A variety of important projects are underway along the Port of San Francisco waterfront. Some are end is the other.

Maritime facilities are being expanded and capabilities increased to strengthen San Francisco's position as a competitive competitor for international trade.

At Fisherman's Wharf, where Port activities are taking priority the travel industry, restaurateurs and small businesses, the Jefferson Street seawall construction is done, the breakwater construction has begun, and the Hyde Street Pier/Fort Mason development is moving ahead.

A passenger terminal study and the development of several piers into waterfront open space, recreation areas and offices are also "in progress."

San Francisco Container Terminals

The Environmental Impact Report for the San Francisco Container Terminals—North and South—and the Intermodal Container Transfer Facility was certified January 22 within only seven months of receiving notice to the requirement. (EIRs usually take over a year.) This action clears the way for planned construction at the Port's container handling and rail facilities.

North Terminal CH2MHill, the consulting engineering firm that was awarded the design contract in July for the SFCT—North modifications, submitted a draft "Layout and Operations Report" in January confirming the feasibility of the project, reviewing the throughput analysis and recommending a plan of development.

The conceptual plan is to convert North Terminal into a state-of-the-art container terminal capable of berthing three deep draught new generation container ships.

With a substantial increase in throughput estimated for 1988, the plan covers container yard configurations and equipment needs, in addition to those now being installed by the Port.

The entrance to the terminal off Army Street has been expanded to five inbound lanes and three outbound lanes. With the addition of the two pit scales now being installed, four inbound lanes will be equipped with scales and the fifth will be a by-pass lane.

Bids on the purchase of two new 100-foot gauge container gantry cranes were opened February 11 and are being reviewed by staff. Specifications for the new cranes include a longer back and forward reach and a configuration to handle 45-foot containers. North Terminal currently has three cranes.

Low bidders for the demolition and removal of Shed C and the subsequent installation of overhead lighting were Ferma Corp. and Civic Electric, respectively. Work is scheduled to begin in March. "C" is the second transit shed at North Terminal to be removed and the space reclaimed for container and chassis storage.

South Terminal Purchase of a fifth crane—new or used—is under negotiation for South Terminal. The additional crane is needed to accommodate increased vessel calls with three ships on berth. In addition, the new generation container vessels require multiple cranes to load and discharge efficiently.

Painting of the second Starporter crane in the new Port colors—OSHA red and antique wood (a greyish tan)—has been completed under the plan to repaint all of the cranes.

More reefer units are being installed in the South Terminal container yard to accommodate the increased needs of the steamship lines and the growth in refrigerated cargo volume.

Additional improvement to reduce costs to carriers and to increase efficiency are planned.

Intermodal Container Transfer Facility

Phase I development of the permanent ICTF on 36 acres adjacent to the South Terminal railyard is scheduled to be operational by November 1986. The design firm of Sverdrup & Parcel Associates, Inc. was awarded the contract last March to design the three-phase development and prepare the construction documents and working drawings. The initial work on Phase I consisting of subgrade preparation and grading was advertised for bid the first week in February.

Phase I consists of two loading/unloading tracks each with a 21-car capactiy (95' railcars) a paved area between the two tracks for port packer operations, three ad-

North Terminal. Transit Shed "C" next to ship at right is being demolished to provide more container yard space.

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[illegible] tracks for storage and by pass. Two gantry cranes [illegible] and capacity for 200-45-foot containers [illegible]. The facility will provide throughput capability of 100 containers per eight-hour shift.

The Port's permanent [illegible] will be the most efficient container terminal facility in California dedicated to handling ocean carrier cargo.

Negotiations are in progress for the modification of facilities on the Southern Pacific, the Port will permit the handling of double stack intermodal rail cars.

Pier 30-32

Design proposals for the rehabilitation of Pier 30-32 were received by the Engineering Department in mid-February.

The facilities, old fire gear were destroyed by fire in 1984, and the concept for a replacement facility was prepared by the Port's Engineering Department. Design calls a combination terminal, the concept specifies a 108,000 square foot general warehouse and 600 square foot cold storage warehouse, both cooler and freezer, covered truck docks and offices. The facility will be used for various operations, including a coffee inspection center and a Container Freight Station.

The design consultant contract will be awarded in April.

Fisherman's Wharf

In 1981, the Port Commission adopted the Fisherman's Wharf Action Plan, a blueprint for the future of Fisherman's Wharf.

Working with consultants, specialists and advisory committees representing the fishing industry, local merchants, residents and government organizations, the Port prepared the Action Plan to guide the improvement and development of that part of Fisherman's Wharf that is on Port property.

In 1984, the Action Plan recommendations were incorporated in the City's master plan.

The commercial fishing industry is unquestionably the centerpiece of Fisherman's Wharf, and is the cornerstone of the Action Plan.

From the beginning, there were three major objectives:–

- the construction of a protective breakwater to shield fishing boats and wharves from the damaging wave action and surges.
- the development of the Hyde Street Pier into a centralized facility devoted to the commercial fishing industry which could include off-loading facilities, fuel dock, ice house, net loft, fish handling halls, cold storage, gear storage and other industry needs
- development of Pier 45 into a mixed-use project to include hotel with conference rooms and residential development, with open space for public access

Progress has been made toward the realization of all three of these projects.

The U.S. Army Corps of Engineers began construction of the breakwater in November and completion is expected in December, 1986. This $11 million project consists of a detached 1,509-foot solid sheet pile breakwater and two smaller segmented breakwaters.

Last year the State Lands Commission advised the City that the Port's trust lands could not be used for private housing and a citizens' advisory Task Force was convened to reconsider how Pier 45 should be developed (housing was included in the original plan). The Task Force reported to the Port Commission last June recommending that a hotel be built in place of the "lost" residential units.

To determine what type of fishing facility should be developed on Hyde Street Pier, the number and size of berths, and estimated costs, the Port retained a fisheries consultant, Carol M. Brown, last fall. She is assessing the present and future needs of the fishing industry. Her report will be completed in March.

Both the Pier 45 Task Force report and

The breakwater (lower right) has begun to take form. When completed it will protect the historic boats berthed at Hyde Street Pier (upper right) and the lagoons of Fishermans Wharf (upper center) from wave damage

Fisherman's Wharf area with Pier 39 at bottom. Pier 45, center, contains over 11 acres

the Hyde Street Pier Fisheries Consultant report will be attached to the Request for Proposals when it is sent out to qualified developers on June 1.

Because the Pier 45 project will provide, in part, the financial means for the Hyde Street Pier development, these two projects are linked in their development, and the developer selection process will cover both. The projects are also linked in the environmental and regulatory process.

Developers will be given the option of building and operating Hyde Street Pier as part of the public investment required of them, or to pay for development of the Hyde Street Pier and berthing "up front."

The Port is committed to the development of *both* the Hyde Street Pier and Pier 45 projects and offers assurance that Pier 45 will not be developed without the development of Hyde Street Pier.

While the Port is in agreement with the recommendations of the Action Plan and the Task Force that the development of the Hyde Street Pier *should* occur before beginning any construction or demolition on Pier 45 in order to minimize relocation of fishing industry activities, in reality, development *could* occur concurrently.

Selection of the project developer is being handled in two separate steps. The initial Request for Qualifications will go out to interested developers in early March, with the Request for Proposals going to a short list of developers who qualify.

Extra weight will be given to those developers who avoid or minimize interim relocations of fishing businesses.

Developer selection is expected to be completed by late 1986. Detailed planning, environmental permits and public hearings will follow.

Passenger Terminal

The Port Commission has given architect Gordon H. Chong + Associates approval to undertake a study to determine the feasibility of developing Piers 35 and 33 into a combined passenger terminal and creating a maritime center to service the shipping and cruise industry.

Chong's firm designed the improvements to the upper level of the existing passenger lounge area of Pier 35 in 1981.

The focus of the maritime center would be the expansion of the cruise ship terminal with ancillary office and retail uses dedicated solely to the maritime business. The development would not compete with commercial projects such as Pier 39 or Fisherman's Wharf.

The study will outline potential maritime-related uses, possible tenants, required improvements, market depth and costs. Cruise lines, agents, terminal operators, smaller excursion cruise companies and others are being asked for their input as to their operating needs, passenger levels, itinerary projects and office needs.

Last year ten cruise lines called at San Francisco, accounting for 121 ship calls and 92,753 passengers embarking or disembarking.

By combining Pier 35 with neighboring Pier 33, docking and passenger terminal space could be substantially increased.

The feasibility study will be presented to the Port Commission upon its completion in late March or April.

Piers 1-1/2, 3 and 5

Pier Associates were selected in August to develop Piers 1-1/2, 3 and 5 for offices, rug and ferry boat moorings, public access, and other public facilities. The permit process for this project will begin soon.

Pier 7

Final construction drawings for the rebuilding of Pier 7 as a waterfront open space and public fishing pier will be completed by ROMA Design Group later this spring. The project is being built in partnership with the Recreation and Park Department and Wildlife Conservation Board and will feature bench seating, fish cleaning tables and historic Embarcadero lamp posts.

Warren Titus
Chairman
Royal Viking Line, Inc.

The very first employee of San Francisco-based Royal Viking Line, was Warren Titus, and he has been at #1 employee ever since.

In 1970 three Norwegian companies wanting to form a cruise line for the American market—the logical first step American marketing knowhow and Norwegian marine knowhow—hired Titus to put such a company together. "It was a marriage of American marketing knowhow and Norwegian marine knowhow," Titus explains. And Royal Viking Line was born.

"Of course the company had no ships! The Royal Viking Star, Royal Viking Sea and Royal Viking Sky weren't built until 1972 and 1973."

Titus had been on, around or close to the sea all of his life. He was born and raised in Aberdeen, Washington, a small town on one of the San Juan Islands not far from the Canadian border.

He entered the University of Washington but left without finishing to join the Marine Corps. The Marines sent him to Hawaii.

"Hawaii was a great place for a young man. I learned to sail, we raced sailboats. I loved it. I still do." Titus no longer has his own boat, but as often as possible he becomes a crewman on the boat of a close friend.

"After I got out of the Corps, Inter-Island Steam Navigation Company took about 3 or 4 of us "Hades" into their training program. I worked on their ships that operated between the islands, first as a freight clerk and then as a purser."

From there Titus went to work for Theo Davies, one of Hawaii's so-called Big Five Companies, whose involvements included land, merchandising, sugar and shipping. He gradually moved up to vice president in charge of the steamship agent division.

"British P & O Line was being represented by Cunard at this time, but wanted to do its own thing. I was loaned to P & O Line in 1959 to put together an American subsidiary company to act as a marketing arm. This company, P & O Lines North America, Inc., was headquartered in San Francisco.

"Then, in 1968 Titus became president of the passenger division of American President Lines for the operation of the *President Wilson*, *President Cleveland* and *President Roosevelt*.

"It's a fascinating experience to participate in the development of something new. The formation of P & O North America and later Royal Viking Line. It's a clean fresh start where all the mistakes are your own."

Judging from the success of Royal Viking Line, Titus has not made many mistakes. The line has the highest repeat business in the industry...45% of their overall business, and up to 75% of long cruises ...and the widest variety of itineraries of any cruise line. Royal Viking Line has cruised almost all of the seas and oceans and waterways of the world..."except in the Arctic and around Antarctica because our ships are not classified for ice. Nor have we cruised the Amazon, Nile or other rivers where our ships would be too large."

The Royal Viking ships became even larger 3 to 4 years ago when each of the three ships underwent an "elongation" in which a 91-foot midsection was added, increasing passenger capacity 40%.

Titus travels a great deal, but cruises very seldom. However, over the years he has been on all, or a portion of, every cruise the line has.....except the closest one to home.

"I have never been on an Alaska cruise. Although the Alaska season is short—a little over 3 months—it's highly concentrated.

"But nothing matches the Caribbean. It has the highest concentration of passengers in the world—probably more than all other areas put together!"

Titus did take one cruise last year, a two week Mediterranean cruise, just one day ahead of the Achille Lauro. "We had just left Alexandria and Port Said (Egypt) and were on our way to Haifa when news of the hijack came over the ship's radio."

Because of this and other incidents, booking for Eastern Mediterranean cruises drastically decreased, causing Royal Viking to cancel several cruises this year. Only Eastern Mediterranean cruises are cancelled. Spring Western Mediterranean and North European cruises are unaffected.

"Over the past year we, as well as other lines, have tightened up our security considerably. At the beginning of the season last year, we sent one of our captains to look over security all along the routes. After the kidnapping and hijacking, we did it again. We've stepped up security internally and at our ports of embarkation. We have not used electronic surveillance, but we have used dogs on occasion."

About three years ago, Titus left the presidency of Royal Viking Line to become chairman but returned to the presidency in September 1984 after the Norwegian parent-company was purchased by Kloster AS, also Oslo-based. While Kloster now owns both Royal Viking Line and Norwegian Caribbean Line, each line is operated completely independently of the other. He recently returned to his position as chairman.

"As chairman, I am involved with long-range planning. We're studying the possibility of new construction. During the last couple of years, the cruise industry has been growing at the rate of 10% a year overall. But the introduction of new ships has exceeded the growth rate, so we now have overcapacity. When our ships were built, they were among the first generation of ships built for 'cruising' as opposed to 'carrying passengers.' They were built as state-of-the-art for the '80's... incorporating all that we knew at that time. As far as technology is concerned, not much has happened since then—a lot of little things ...but no major breakthrough."

Over the years Titus has been active in a number of organizations involved in cruising and travel, Pacific Area Travel Association and Cruise Lines International Association (CLIA) for which he was the first chairman. He is presently giving his expertise to the Port for its study on further development of the passenger facilities.

From his 40th floor office in Embarcadero One, Warren Titus can easily keep an eye on the passenger ships at Pier 35...or if one is not in today...then perhaps the sailboats racing around the Bay...or going out to sea.

Maybe one of them could use an extra crewman.

Nedlloyd Begins South American Service

Nedlloyd Lines' new River Plate service was launched in San Francisco with the arrival of the *M.V. Nedlloyd Loire* in December.

Representatives from Nedlloyd, a Netherlands carrier; Trans-American Steamship Agency, the Port of San Francisco and California Stevedore and Ballast Company, joined the ship's captain aboard the vessel to mark the occasion.

The 400 TEU-capacity *Nedlloyd Loire* and sisterships *Nedlloyd Linge* and *Nedlloyd Leuve* are being employed in the monthly service between California and Argentina, Uruguay and Brazil on the east coast of South America and the Dutch-owned island of Curacao in the Caribbean.

This is the second Nedlloyd service calling San Francisco. The line uses North Terminal, operated by California Stevedore and Ballast Company.

Trans-American Steamship Agency represents Nedlloyd in the River Plate service.

On the bridge of the *M.V. Nedlloyd Loire* during the vessel's initial call to San Francisco are (from left) H.G. Pouderoyen, trade manager for North America, Nedlloyd Lines; Art Spithorst, general superintendent, California Stevedore & Ballast Co., Captain R.J. Vleerbos, *M.V. Nedlloyd Loire*, and Pieter M.A. Bloemendaal, West Coast distrist sales manager, Nedlloyd Lines.

Port Visitors

Simon Fitzgerald, Master Warden of the Marine Board of Hobart, Tasmania, and Mrs. Fitzgerald visited the Port of San Francisco January 27, combining pollution facilities and operations. Hobart and San Francisco have been sister ports since 1976.

C. J. Aquilina, director of Alpek Construction Co., Kalafrana, Malta, and currently studying urban planning at Hunter College, New York, under a Hubert H. Humphrey fellowship, toured Port facilities January 3 with particular interest in the development plans for the Port, the projects now underway and their positive impact on the City of San Francisco.

Dr. Hirotake Imamoto, a professor in Hydraulic Engineering at Kyoto University, Japan, was a visitor to the Port December 5, where he met with members of the Engineering Department and received a demonstration of the Army Corps of Engineers' Bay Model.

Fred Hawlick and Jim Schumacher of the Nevada International Trade Exchange (NITE) were at the Port of San Francisco January 16 to make a slide presentation of their ambitious plan to turn close to a million acres of land in North Central Nevada into a series of super freight forwarding facilities, cargo airports and supporting services linked to a network of Regional Cargo Transportation Facilitation Centers in the United States and overseas.

RO/RO Joins the Navy

The *M.V. Charles Lykes*, a roll-on/roll-off vessel and one of six ships in Lykes' transpacific service out of San Francisco, is being purchased by the Federal Government. The vessel will be used by the U.S. Military Sealift Command for strategic sealift during emergencies, contingencies or exercises to test American defense readiness.

The *Charles Lykes* will be replaced by the first of Lykes' new 3,010 TEU-capacity containerships. The *Dublin Lykes* is presently being outfitted and is expected to enter the Pacific service this spring. A second ship to be named *Admiral Lykes* was launched in Tamano, Japan, January 31. Eventually all of the ships currently in the transpacific will be replaced as the new vessels enter the service.

Built by Bath Iron Works, Bath, Maine, in 1976, the *Charles Lykes* was *State Lines Nevada* until 1979 and has always sailed out of San Francisco.

FDA District Pledges Improvements

The Port of San Francisco expects improvement in the clearance of cocoa beans and other food products entering through San Francisco as a result of recent changes by the San Francisco District office of the U.S. Food and Drug Administration.

District Director Ron Johnson told local brokers, forwarders and port representatives that he is reorganizing the FDA compliance office, replacing the branch director and has assigned an additional compliance officer to import.

Over the last two years, the Port of San Francisco has been actively working toward the improvement of clearance procedures at San Francisco FDA and for the standardization of procedures at all FDA districts.

In November, the Port of San Francisco was instrumental in the establishment of a Food and Drug Committee within the San Francisco Customs Brokers & Freight Forwarders Association to act as a liaison with FDA.

Johnson has agreed to work with this committee, meeting with them frequently to discuss new developments and any problems. In addition, the FDA has initiated an Importers Bulletin that is distributed to the industry on a regular basis.

"We will be more responsive," Johnson pledged. "We (FDA) can't operate as if we have immunity to accountability."

With several large cocoa-processing plants in the San Francisco area and a large market for chocolate and cocoa products, the cocoa bean trade is important to the Port of San Francisco. The Cocoa Merchants Association in New York estimates that the San Francisco District has been losing between 25,000 and 50,000 tons of cocoa cargo because of district clearance procedures.

The willingness of the FDA to work directly with the Port of San Francisco and the industry is expected to greatly improve the clearance "situation" in the San Francisco district bringing a decrease in clearance times, and an increase in efficiency and productivity. These improvements will reestablish San Francisco's competitive position in the food trades.

Navy Flag Returns to San Francisco

At a ceremony January 10 on the deck of the battleship *USS New Jersey*, docked at Pier 30-32, Rear Admiral Robert Toney assumed charge of Naval Base San Francisco, a new command headquarters for the Navy's Bay Area operations.

A flag officer, Admiral Toney restores the Navy flag to San Francisco. San Diego command headquarters, under Rear Admiral Bruce Bowland, has for the last several years been in charge of both Northern and Southern California Naval activities.

Chief of Naval Operations, Admiral James Watkins, delivered the major address to the Navy personnel and civilians in attendance —including "high-ranking brass" in both categories.

The reestablishment of the command headquarters in San Francisco reflects the greater presence the Navy will have in the Bay Area and the increased number of ships to be homeported here. This is expected to provide San Francisco's ship repair firms with more opportunities to secure Navy contracts and provide jobs for San Francisco's blue-collar workers.

Todd Shipyard, Continental Maritime, Service Engineering and Southwest Marine are major shipyards located at the Port of San Francisco. BASRA (Bay Area Ship Repair Association) representing all ship repair contractors and sub-contractors in the Bay Area, has been actively working with Mayor Dianne Feinstein in her efforts to bring more ships, more ship repairs contracts and more ship repair jobs to San Francisco.

An appropriate background for Mayor Dianne Feinstein's welcoming remarks are the two vessels at the Southwest Marine ship repair facility.

Trans Trans' Lewald Retires

Werner Lewald, president of Transpacific Transportation Co. since 1970, was presented the Order of Maritime Merit in the rank of Commander by the Port at a reception held in his honor at the World Trade Club on December 5. Lewald is retiring after a total of 37 years with the steamship agency.

Transpacific Transportation is headquartered in San Francisco with offices also in Vancouver, B.C., Seattle, Portland and Los Angeles. Among the steamship lines the agency represents, Columbus Line, Nedlloyd and ELMA call San Francisco as well as cruise line, Holland America Line.

Eugene L. Gartland, executive director, Port of San Francisco, (right) presents certificate and medallion of the Order of Maritime Merit to retiring Werner Lewald

Succeeding Lewald is Rijk B. Wetering de Rooy who has been associated with the agency and parent company, Nedlloyd, for twenty years.

Changes...

COSCO North America, Inc., a new joint venture company formed by the China Ocean Shipping Co. (COSCO) and John J. McMullen, owner of Norton, Lilly and Co., Inc., is now acting as general agent in the United States for the Chinese state-owned shipping line.

Headquartered in New Jersey, COSCO North America will provide full agency services on the East Coast. Norton Lilly, who had been general agents for the steamship line through Calco, a COSCO subsidiary, will now be sub-agents and will provide full agency service on the West and Gulf Coasts.

COSCO first began liner service to San Francisco in 1981 and now operates four container and roro ships in a fortnightly service to ports in China and Hong Kong.

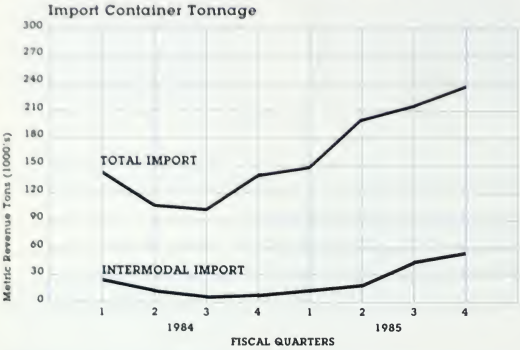
TASA United Agency, Inc. is now **USA United Steamship Agency, Inc.** This name change became effective in January. But only the name has changed. Addresses, telephone numbers, and service remain the same.

USA United Steamship Agency represents United Yugoslav Line, whose liner service has been calling San Francisco since 1961.

Grancolombiana has appointed **Matson Agencies** to represent the Colombian steamship line on the Pacific Coast for their fortnightly service to the West Coast of Central America and Colombia and a mini-bridge service to the East Coast of Colombia. Matson Agencies is headquartered in San Francisco.

Port of San Francisco's Corner on Trade

Port efforts to facilitate the movement of imports and the mining dollar have resulted in increases in both total import container tonnage and intermodal import container tonnage. Intermodal traffic increased from a low of 3% in third quarter fiscal year 1984 to a high of 25% in fourth quarter fiscal year 1985.



CALSTAR—When Minutes Count

CALSTAR, California Shock Trauma Air Rescue, reported 98 flights during its first year of operation at Pier 30-32.

A non-profit corporation, CALSTAR provides emergency medical helicopter service to the greater Bay Area.

In December 1984, the Port Commission responded to CALSTAR's request for a landing site to transfer trauma patients requiring services of specialty care hospitals in San Francisco, and granted permission to use Pier 30-32.

Trauma describes the sudden physical injuries violently produced such as those suffered in industrial mishaps and car accidents. Time is always crucial.

Thomas Locke, executive director of the program, reported to the Commission in January that of the 98 flights nearly one half were accident victims suffering amputation and requiring reattachment microsurgery. Some of the other medical emergencies handled by CALSTAR involved newborns, high-risk obstetrics, near-drowning and procuring donor organs.

Grancolombiana Reports Big Increase in Coffee Shipments

Since December, the amount of coffee Grancolombiana regularly brings to San Francisco has nearly doubled. An average of 200 containers of coffee are now unloaded from each ship. That's 40,000 to 50,000 bags compared to the 25,000 to 30,000 bags of coffee discharged prior to December.

Because of the severe drought in Brazil affecting this year's coffee crop, the International Coffee Association increased Colombia's export quota. The Association governs the amount of coffee that can be exported by coffee-producing countries, explained Ron Popham, line manager for Grancolombiana, at Matson Agencies.

Together, Colombia and Brazil normally account for 47% of the world's total coffee production.

San Francisco is a major West Coast port of entry for Latin American coffee, with a 75% market share of this trade route.

Grancolombiana calls at San Francisco Container Terminal – South, operated by Stevedoring Services of America, in its fortnightly service to the Pacific Coast.

Port Executive Director Eugene L. Gartland (center) welcomes the captain of *Ciudad de Armenia*, Captain Gabriel A. Rodriguez, to San Francisco. The ship veered off its regular Far East route to deliver a large coffee shipment to San Francisco. Others pictured are (from right) Carlos de Narvaez, owner's representative for Grancolombiana in San Francisco, Chief Engineer Hugo Bolanos, and Yvonne Butler representing the line's shipping agent.

On the deck of the *M.S. Falstaff* Commissioner Anne Halsted presents the traditional welcoming plaque to Captain Kjell Holm. Others (from left) are Fred F. Noonan, Fred F. Noonan Company; Chief Engineer Lars Laurell, and Lars Adamson, Fred F. Noonan Company.

Inaugural Voyage of Largest Wallenius Car Carrier

Wallenius Lines' newest and largest capacity car carrier, *M.S. Falstaff*, made its inaugural voyage to the United States West Coast calling the Port of San Francisco on December 10.

Mrs. Miriam Noonan, wife of Fred Noonan, founder and president of Fred F. Noonan Company, Inc. participated in the christening ceremony for the *Falstaff* and sister ship *Faust* on September 18 at the Hitachi Shipyard, Innoshima, Japan. Fred F. Noonan Company is the general agent of the U.S. West Coast for Wallenius Lines and operator of San Francisco's Pier 70 auto terminal.

These two ships are the last in a series of four car/truck carriers built by Wallenius Lines for delivery in 1985. Swedish-built *Tristan* and *Isolde* were delivered earlier in the year and called San Francisco in April and July. All four carriers have the same dimensions—200 meters long, 32 meters broad and with a draught of 11.6 meters.

The two Japanese-built ships, larger in car-carrying capacity, can carry 6,380 cars or a combination of 550 heavy vehicles and 3,000 cars on its 13 decks. The increased capacity of around 100 cars was provided by extending the upper five car decks over the forward part of the ship, giving these ships a distinctive round shape. Like the company's other recently built car/truck carriers, *Falstaff* has three reinforced truck decks and four hoistable decks to allow the vessel to carry very heavy, bulky cargoes of up to 200 tons and 6.2 meters high.

Falstaff is equipped with two internal ramps and two external ramps, providing faster car discharge. Wallenius was the developer of the efficient roll-on/roll-off system for loading and discharge over 20 years ago.

The Swedish shipping line has been bringing luxury European automobiles into San Francisco since 1973 and is one of the major car shipping companies in the world today.

A comparison of the bows of the *Falstaff* and the *Medea* shows how the upper five decks have been extended on the *Falstaff* to accommodate an additional 100 cars

PORT PEOPLE

Roger L. Peters was in Washington, D.C. January 23 and 24 where he attended meetings of the advisory committee to the Federal Maritime Commission and presented the Port's views on substantial expansion of tariff filing.

At the California Truckers Association annual meeting January 31, Peters presented a report on port developments including the new on-dock rail facility, marketing strategies and recent changes to provide better truck access and flow to and through the container terminals. New left turn lanes and signals leading into the terminals have been installed, and the gate capacity at North Terminal is being doubled.

Check the January issue of Runner's World magazine for the story on blue collar athlete featuring the Port's own crane maintenance electrician **Pat Shaughnessy.** When he's not keeping the cranes in working order he's running himself — AND running. An ultra-distance runner, Shaughnessy has run 20 marathons, regularly finishes in the top 10 at major 50 milers, and last summer ran his first 100 mile endurance run earning a traditional belt buckle for finishing under 24 hours. (He finished in 22 hours 13 minutes.)

Shaughnessy has been with the Port for a little over a year and is one of the nine-man crew of electricians that maintains the seven container cranes at both North and South terminals. The Port took over responsibility for maintaining its own cranes in 1980. "We knew that by recruiting the right men and giving them the right training the Port could have one of the best crane performance records around," said Crane Maintenance supervisor **Jerry Evitts.** Pat is one of those *right men* and we're all proud to be working with him."

Color photographs of Shaughnessy on one of the Port cranes accompany the *Runner's World* article.

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March/April 1986

The Port of San Francisco

SAN FRANCISCO WELCOMES ZIM CONTAINER SERVICE AND JAPAN LINE

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ZIM CONTAINER SERVICE

San Francisco had something to pele brate!

In the space of one month—Zim Container Service moved from Oakland and Japan Line returned to San Francisco.

Zim Container Service

The agreement between the Port of San Francisco and Zim American Israeli Shipping Co., Inc., was first conceived at a meeting in Mayor Dianne Feinstein's office on Christmas Day five years ago—and consummated in Haifa on March 4th when Mayor Feinstein, Port Commission President Arthur Coleman and Executive Director Eugene Gartland met with Zim officials to formally sign the agreement.

Subject to review by the San Francisco Board of Supervisors and the Federal Maritime Commission, the agreement extends for ten years and specifies use of San Francisco Container Terminal—South operated by Stevedoring Services of America.

Ten containerships will call here every ten days in a westbound service from the Mediterranean to the East Coast of Canada and the United States, the U.S. West Coast and the Far East.

In announcing the move Captain Yoel Yanai, senior vice president for Zim Container Service operations in New York said "Zim's move to the Port of San Francisco Container Terminal will provide our clients with improved intermodal services."

Dov Teitler, headquartered in Los Angeles and Zim's senior vice president for the West Coast said, "Zim's relocation of terminal operations in this region represents Zim's continuing response to the needs of shippers, providing reliable service and competitive rates."

Initial volume will be about 5,000 TEUs amounting to at least $250,000 additional annual revenue to the Port. These figures are expected to increase substantially with the competitive advantage Zim will now have for intermodal cargos through use of the Port's on-dock rail facility.

San Francisco Container Terminal is the only facility in California with an intermodal container transfer facility located on the pier providing on-dock loading of railcars.

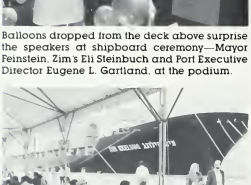
With the arrival on March 22 of the first Zim ship to San Francisco, the 2,348-TEU capacity *M.V. Zim Keelung*, a reception and civic ceremony were held on the bridge deck of the vessel and alongside on the dock. Eli Steinbuch, president, Zim-American Israeli Shipping Co., Inc., New York, headed the list of Zim dignitaries that included Egon Gruenhut, executive vice president; Saul Cohen-Mintz, senior vice president; Capt. Yanai and Teitler. F.D. (Ricky) Smith, president of Stevedoring Services of America, Inc., was here from Seattle.

Zim-American Israeli Shipping Company (ZAISCO) is headquartered in New York and is the largest of four divisions of Zim Israel Navigation Company. ZAISCO acts as general agent for Zim Container Service which calls directly at ports in Japan, Korea, Taiwan, Hong Kong, Greece, Israel, Spain, Italy and the U.S.

Zim was originally conceived over 40 years ago with one ship, a crew of 150 and the objective of transporting Jewish im-

Captain Michael Mendelson, *M.V. Zim Keelung* (right) escorts Mayor Dianne Feinstein and Eli Steinbuch, president of Zim-American Israeli Shipping Co., on the bridge deck of his ship.

Balloons dropped from the deck above surprise the speakers at shipboard ceremony—Mayor Feinstein, Zim's Eli Steinbuch and Port Executive Director Eugene L. Gartland, at the podium.



On-dock lunch reception at South Terminal.

A new "stack" is welcomed to San Francisco.

AND JAPAN LINE

migrants—Holocaust survivors—to the soon-to-be-designated State of Israel. Today Zim operates over 70 vessels with 40% of its shares owned by the government of Israel.

Manager of the San Francisco office is Roger Frickle. Bob Patricelli is operations manager.

Japan Line

Japan Line is once again making the Port of San Francisco its Northern California port-of-call.

A five-year terminal use revenue-sharing agreement was signed February 28 between the Port of San Francisco and Japan Line reflecting Japan Line's space charter and sailing agreement with Evergreen Line. Japan Line and Evergreen Line jointly guarantee a minimum annual throughput of 30,001 TEUs and a minimum of 71 vessel calls a year.

Once a tenant of Pier 80 (now San Francisco Container Terminal – North), Japan Line left San Francisco in 1968 before its container facilities were built.

Japan Line and Evergreen Line are cooperating on three transpacific trade routes with thirteen containerships—ten Evergreen ships and three Japan Line ships. Two of the routes call San Francisco. The Hong Kong, Taiwan and Japan service will use the Evergreen 2728-TEU capacity G-ships. The Korea and Japan service will use the 1214-TEU capacity Evergreen V-ships. Both services will use San Francisco Container Terminal – South, operated by Stevedoring Services of America Inc. (The Japan Line ships will be used on the third route that calls the Pacific Northwest.)

Planning by the two shipping lines on ship allocations was based on studies of cargo flows and customer requirements. While the proposed distribution of ships takes these facts into consideration, cargo demands will require a certain amount of flexibility. Evergreen ships differ from

H. Naoi, president, Japan Line (U.S.A.), and Mayor Dianne Feinstein break sake cask.

Toasting the new Japan Line-Port of San Francisco relationship are (from left) William Chang, newly appointed Port Commissioner, Commissioner Anne Halsted, H. Naoi, Commissioner James Rudden, Mayor Dianne Feinstein, Commission President Arthur Coleman, Consul General T. Arima, and Executive Port Director, Eugene L. Gartland.

Japan Line containers are loaded on *Ever Globe* at South Terminal

Signing agreement are Tadao Kabe (second from right), regional manager for Northern California, Japan Line (USA), and Eugene L. Gartland (second from left), executive director, Port of San Francisco. Looking on are David Snow (far right), district manager, Merit Steamship Agency, and Arthur H. Coleman (far left), president, San Francisco Port Commission.

Japan Line ships in that they do not have the capability of temperature (reefer) controlled container cargo. Present plans call for remodeling of Evergreen V-type ships to permit the transporting of reefer boxes. Japan Line cargo contains significant reefer cargo, particularly frozen chickens exported through San Francisco.

The Ports agreement with Japan Line became effective April 1, with the first Japan Line cargo arriving on the *M.V. Ever Globe*, April 20.

Japan Line is expected to add about 15,000 TEUs initially to the cargo volume, and increase Port revenue by an estimated $345,000 per year.

To celebrate the return of Japan Line to San Francisco, a Kagamiwari Ceremony was held March 31 at City Hall overlooking the Rotunda. This traditional "good luck" ceremony consists of breaking the wooden lid of a sake cask with a mallet, ladling the sake into square wood cups called masus, and toasting the happy occasion.

H. Naoi, a director of Tokyo-based Japan Line and president of Japan Line (U.S.A.), New York, in San Francisco for the occasion, joined Mayor Dianne Feinstein in wielding the mallet.

Attending were T. Arima, Consul General of Japan in San Francisco, officials from Japan Line and Merit Steamship Agency, and many customers of the line.

Japan Line was created in April 1964 by the merger of two Japanese shipping companies, Nitto Shosen and Daido Kaiun. To handle the specialized needs of its customers in the U.S., Japan Line (U.S.A.) was established in California in 1970, becoming a nationwide corporation in 1980. In 1983, the company established an independent general agency, Merit Steamship Agency, Inc., to service Japan Line and other principals in the United States.

In San Francisco, Tadao Kabe is regional manager for Northern California, Japan Line (U.S.A.) Ltd.; David Snow is district manager for Merit Steamship Agency, Inc.

The Marine Exchange of the San Francisco Bay Region

The Marine Exchange was started in 1849 to sight and announce the arrival of ships entering San Francisco Bay, which makes this the oldest maritime record-keeping organization in the United States.

George F. Sweeney and Theodore F. Baugh built a signal station on top of what is now called Telegraph Hill where the lookout had a good view of the ships entering the Golden Gate and the townspeople had a good view of the wooden semaphore he used to signal information on the approaching ships.

To give "advanced warning" an outer lookout station was erected at Point Lobos from where a vessel still 20 or 30 miles from port could be seen and the information relayed to the downtown office by semaphore signals via the Telegraph Hill station.

The Marine Exchange continued to be a communications innovator. In 1853 the first telegraph anywhere on the Coast was inaugurated between the Point Lobos station and the downtown Marine Exchange office. One of the first telephone lines in the City was established in 1876 between a waterfront lookout station and the financial district exchange to bring news of arriving ships.

While technology has changed the tools, and maritime needs have broadened the scope of the work of the Marine Exchange, this important activity—to sight and announce the arrival of ships into San Francisco Bay—continues to this day.

The Marine Exchange is a non-profit industry-sponsored maritime service agency supported by its subscribers or members—which include ship operators, steamship agencies, ports, unions, shippers, admiralty firms, barge and tug companies—every facet of the maritime industry. It presently has 1,000 members and employs sixteen.

In addition to its main office in the World Trade Center of the Ferry Building, the Marine Exchange today maintains a 24-hour operations center located at Fort Mason that performs ship lookout and vessel location reporting services for Golden Gate traffic. From this strategic position overlooking the Bay, vessels entering and leaving can be visually seen.

While the center's staff can and do still actually "eyeball" the traffic, they are equipped with four-channel VHF radio and sophisticated telephone systems through which the center maintains contact with all commercial vessels, tugs and pilots in the Golden Gate, Bays and Delta waterway systems. The center keeps tabs on over 10,000 ship movements a year.

Bob Langner, executive secretary, represents the Marine Exchange at traditional shipboard functions.

In the Operations Center, Richard Brewer keeps track of ships throughout the Golden Gate region via radio, telephone and a system of moveable tiles on a "Berthed" board.

Len Silva, who has been with the operations center since 1962, displays a bit of Marine Exchange history—a "long glass" built in Allegheny, Pennsylvania, carried around the Horn and used by the Exchange as early as 1870.

As a member of the Marine Exchange, you can get as much marine intelligence as you like on ship traffic, arrivals, departures or on specific vessels. You can even leave a "wake up call" for whenever your ship arrives.

But in addition to simply reporting, the Marine Exchange has played an important role in promoting programs for the safety and efficiency of marine operations in the Bay... and beyond.

In the mid '60's, the Exchange established America's first vessel location and ship movement plotting system using harbor surveillance radar. In cooperation with the Coast Guard, the system was expanded and later evolved into the experimental Harbor Advisory Radar Service (HAR) in 1968. From this, the nation's first federal Vessel Traffic System (VTS) was developed and installed by the Coast Guard in 1972 at Yerba Buena Island. Two sensitive radars —one atop Yerba Buena Island and the other at Point Bonita—are used to monitor the entire Bay and its approach.

The Marine Exchange is secretariat for 12 separate trade and maritime organizations. One of these is California Marine Affairs and Navigation Conference (C-MANC), which was originated by the Exchange in 1956. Working on behalf of C-MANC, the Exchange has represented and coordinated maritime interests of the region and state in securing federal funding for navigation studies and for construction projects and their maintenance. The Exchange regularly offers testimony in Washington, D.C. and promotes the interests of all California deep draft harbors, recreational marinas and related civil works projects.

In 1959, the Exchange launched a successful campaign aimed at simplifying documents required in international shipping and commerce with its study "Merchant Shipping on a Sea of Red Tape." Among the results has been a revised and simplified export format (in standard use today) and the formation of the National Committee on International Trade Documentation which is continuing to carry on the effort.

The most recent campaign by the Marine Exchange has just become a reality. For 25 years the Exchange has sought compatibility with other Exchanges at U.S. ports. In the 1970's the Exchange under a contract from the U.S. Maritime Administration surveyed 26 ports on the feasibility of a cooperative national vessel traffic information system. The National Association of Maritime Exchange (NAME) was formed in 1980 with San Francisco's Marine Exchange as its secretariat.

By 1982, San Francisco had the nation's first fully-automated ship traffic and location reporting system in operation and being tested and evaluated. Developed by San Francisco's Marine Exchange under a Marad contract, Vessel In-Port Locator System (VIPLOC) was made available to other NAME members.

Then in January of this year, the first national database to provide fully automated information on the schedules and movements of vessels at U.S. ports, including the vessel's locations and intra-harbor movements, became operational on the West and Gulf Coasts.

According to Robert H. Langner, executive director of the Marine Exchange since 1959, a national data bank of vessel traffic and location records has great potential for use by government agencies and various industry segments that require an up-to-date picture. Application of the data bank material will come not so much in day-to-day port operations as in assisting shippers with far flung cargo operations, in government regulatory matters, safety and environment research, legal affairs and strategic military planning. And this is just beginning," Langner says.

While the organization values its 127-year old history, The Marine Exchange of the San Francisco Bay Region takes pride in its role as a spearhead for modern marine communications.

HMS Bounty

Queen Elizabeth II

The Short... the long... and the tall

Three distinguished sea-going craft visited the Port of San Francisco recently. The *HMS Bounty*, a full-sized replica of the original English vessel that was seized by its crewmen in 1789 in what became the most famous mutiny on the high seas, tied up at Pier 17 for a few days in March. The replica was built in 1962 for the Marlon Brando/Trevor Howard version of the film "Mutiny on the Bounty." Privately owned, the 130-foot, 247-ton square-rigger stopped here en route to Vancouver then on to Australia where it will participate in the America's Cup Challenge celebration next year. While the exterior is "1789 authentic," the interior is "1986 modern."

Cunard Lines' flagship, *Queen Elizabeth 2* slipped into the Pier 35 Passenger Terminal in early April, a stopover on the ship's world cruise. The luxury liner's last visit was February 1, 1983. Measuring 963 feet—longer than three football fields—and

G-Ships Enter Transpacific Service

Evergreen Line began introducing its newest 2728 TEU-capacity G-class ships into service here in mid-February in anticipation of the space chartering agreement with Japan Line. The arrival of the *M.V. Ever Globe* April 20 completed the replacement. The six 1719 TEU L-ships have been replaced by six G-ships, more than doubling the capacity in the line's weekly service between the United States West Coast and Japan, Taiwan and Hong Kong.

Built between 1983 and 1985, the G-ships were first used to inaugurate Round-the-World service. This is the first time the G-ships have been used in a transpacific service.

A second Evergreen service that calls San Francisco and serves Korea and Japan on a 10-day frequency will continue to use the 1214 TEU-capacity V-ships.

The Port of Nagoya, Japan, was added to this service's ports-of-call in February.

Captain C. J. Chen, *M.V. Ever Giant*, with Patrick Mong, operations manager, Evergreen Marine Corp. at ship's first call in San Francisco.

G-ships can carry 2728 TEUs.

Bluenose II

weighing in at 67,000 tons—the *QE2* is the largest passenger ship in the world today and the last surviving transatlantic liner. Built in 1967 and launched in 1969, it was designed to serve as a two-class ship while sailing transatlantic and as a single-class ship while cruising. In 1982, the *QE2* was pressed into service for a third use—ferrying British troops in the Falkland Islands conflict. Since then, $29 million has been spent in refurbishments. This November the *QE2* will be removed from service for six months to undergo a major $115 million outfitting.

A twin-masted tall ship from Nova Scotia, the *Bluenose II*, paid San Francisco a 5-day visit before continuing to Vancouver for the opening of the world's fair. The ship is a copy of the original *Bluenose*, a famous racing-fishing schooner that is depicted on the flip-side of the Canadian dime. The *Bluenose* won every race it ever entered! Built in 1963 at a cost of $3 million, *Bluenose II* is operated by the Nova Scotia government to promote tourism. The 161-foot schooner has traveled 8,000 miles since leaving its homeport of Halifax, Nova Scotia.

Second officer Chen Kuo-John, Chief Mate Chao Hsiang Chuan, Captain Chiu Chiz-poung, Port Sales Manager Terry Hamid and Third Mate Kuo-Jong Lin at maiden call of *M.V. Ever Globe*

Seen from the top of the gangway is the notation painted on the dock of South Terminal by the crew of the *M.V. Ever Gentry*—a custom on maiden calls. Writing left from the maiden calls of other Evergreen ships can be seen on the left.

Import autos, primarily Mercedes Benz, are discharged from the *M.V. Faust*.

Last of an Aria—For Now

A portrait of Mrs. Miriam Noonan, godmother of the new Wallenius car carrier, *M.V. Faust*, was presented to Captain Bo Petersen during the ship's first visit to San Francisco, February 24, and will occupy a place of honor in the ship's salon.

Mrs. Noonan became godmother to the *Faust* when she christened the ship last September at the Hitachi Shipyard on the Japanese island of Innoshima. She is the wife of Fred Noonan, president of Fred F. Noonan Company, Inc., general agent on the U.S. West Coast for Wallenius Lines and operator of San Francisco's Pier 70 auto terminal.

With the delivery of the *Faust* in December, Wallenius completed its largest newbuilding program ever—four large car/truck carriers, each having a capacity of 6,300 vehicles.

Since 1981, 13 new vessels have been brought into operation making the Wallenius fleet the most modern of its type in the world.

Nicknamed "The Opera Line" because all of its ships are named after well-known operas, Wallenius Lines now operates a fleet of 300 car/truck and pure car carriers, and ships some 800,000 vehicles annually worldwide—about 10 percent of the world's total transoceanic vehicle shipments.

Captain Bo Petersen, *M.V. Faust*, accepts portrait of the ship's "godmother" from Miriam and Fred Noonan.

Permanent ICTF Construction on Schedule

Bids for the construction of the permanent Intermodal Container Transfer Facility (ICTF) – Phase I were advertised April 18. This includes paving, lighting and all utilities, railroad track installation and construction of associated infrastructures.

In the meantime, Ferma Corporation began preparation of the 36-acre site April 14. The subgrade preparation and grading will be completed in three months, right on time for the construction phase to begin.

Upon completion, scheduled for November 1986, Phase I will consist of two loading/unloading tracks each with a 22-car capacity (95-foot railcars), a paved area between the two tracks for storage and bypass, two dedicated gates and parking for 200 45-foot container/chassis. The facility will provide throughput capability of 105 railcars (420 TEUs) per eight-hour shift. Cost will be under the $7.6 million earmarked for this development in a recent bond issue.

Build-out of the complete facility (as cargo volume warrants) will expand the area to 56 acres and double throughput capability.

In the meantime, the interim ICTF at South Terminal continues to serve users of the Port.

MTC Shows off Newest Paper-mover

Marine Terminals Corporation demonstrated the latest newsprint handling equipment at a reception for the newsprint industry on February 25 at Pier 27.

The new state-of-the-art truck which can lift up to five tons of newsprint using two top vacuums, virtually eliminates damage that can occur to newsprint rolls during handling on the dock and in the warehouse.

The trucks are built by Hyster Company, Fremont, California, and the vacuum attachment by Lamb-Grays Harbor Company, Hoquiam, Washington, in cooperation with MTC's research and development efforts.

Captain Bill Boyington, vice president of administration for MTC, traced the evolution of paper-handling with a collection of equipment assembled in the pier...beginning with the simple hand truck.

Marine Terminals Corporation as contracting stevedores and terminal operators handles all major shippers of waterborne newsprint from Canada and Europe into California. At the Port of San Francisco, MTC manages Pier 27-29, which handles both newsprint and general cargo, and performs stevedoring services for this terminal and for the Port's other newsprint terminals at Piers 15-17 and 48.

This new equipment was introduced into MTC's San Francisco operation in January. Nine trucks are now in operation here.

Marine Terminals Corporation's corporate headquarters is in San Francisco with Chris Redlich, Sr., its president. Chris Redlich, Jr., who manages the Southern California operations, was recently named president of MTC-Los Angeles.

Captain Bill Boyington indicates vacuum element on newsprint roll ready for lifting

Cranes Bought for North Terminal

A contract for the purchase of two new container cranes for San Francisco Container Terminals has been awarded to Hyundai Heavy Industries Co., Ltd., Ulsan, Korea.

Five firms submitted bids. Hyundai was the low bidder at just under $5 million.

To be designed by Paceco Company, Gulfport, Mississippi, and fabricated in Korea, the 100-foot-rail-gauge gantry cranes will be cable reel powered and have a 40 long ton lift capacity.

To accommodate the large-sized ships coming into service, these cranes will have a 130-foot outreach and a 90-foot clearance under the spreaders.

The spreaders are designed to handle 20-foot or 40-foot containers and have twin-twenty capability, the ability to lift two 20-foot containers at once. Since twin operation requires the two containers be of equal weight for balance, this mode is used primarily for loading empty.

Added features of the cranes will be utility elevators for improved maintenance, a spare spreader, and hatch cover cradles each capable of holding two hatch covers out of the way on the land side sill beam.

The cranes will be delivered the end of May 1987.

First Chinese-Built Ship in Chinese Service

China Ocean Shipping Company's *M.V. Bin Cheng* called San Francisco April 9 on the third leg of its maiden voyage. Constructed in Dalian shipyard, this is the first Chinese-built ship in COSCO's fleet. The *Bin Cheng* is a fully cellular containership with a 724 TEU capacity.

Wang Baorong, commercial consul for the People's Republic of China in San Francisco, together with representatives from COSCO, Norton, Lilly & Co., the Port, and shippers, attended a luncheon reception aboard the vessel where traditional Chinese dishes prepared by the ship's cook were served.

The *Bin Cheng* is one of three ships in COSCO's twice monthly service to Hong Kong and the North American West Coast.

Beginning in May, the Port of Kobe, Japan, will be added to the itinerary.

COSCO North America, Inc. is general agent in North America for the line. Norton, Lilly & Co., Inc., is agent.

Chief Officer Wang Xing Guan, *M.V. Bin Cheng*; Walt Schreiber, Norton, Lilly & Co., Inc.; Captain Zhao An Tai, *Bin Cheng*; Gao Weijie, COSCO North America; and Wang Baorong, commercial consul, People's Republic of China in San Francisco.

Port People

■ Special tribute was given **Randy Rossi**, the Port's planning and research consultant, **Selina Bendix**, Environmental Research Associates, Inc., and **Catherine Bauman**, City Planning Department, at the February 11th Commission meeting for their efforts in setting a speed record in obtaining an Environmental Impact Report. The important EIR covering the container terminal modernization at South Terminal, North Terminal, and the Intermodal Container Transfer Facility, took only seven months from notification to final certification January 23, 1986. (Usual time is over a year.) Commission President **Arthur Coleman** presented each with an individual plaque "in grateful acknowledgement."

■ **John Magill** is leaving his job as Civil Engineer Associate for the Port to give full-time attention to his painting. Working in either acrylic or oil, his paintings are primarily landscapes or abstracts.

Magill's painting has been more than just a hobby. He studied art in Southern California, Paris, Madrid and San Francisco. He has had 14 one-man shows and shown in competition in eight museums. Two of his paintings were purchased by the City as public art from the Art Festivals in 1969 and 1972 and have been displayed in various city building locations including the Mayor's office. Other owners of his work are Wells Fargo Bank (5), First National Bank of Phoenix (2), actress Ruta Lee, and more.

He has worked for the City of San Francisco for 30 years, beginning as a draftsman with the Department of Public Works. In 1972 he joined the Engineering Department of the Port putting his artistic talents to plans and blueprints.

Magill hopes to stage another one-man show in a year or two. (Watch this space for later details!)

■ Attending out-of-town meetings and conferences—

Roger Peters, intermodal manager, was in Monterey, California, March 2–4 for the Western States Cotton Convention; and in San Diego March 12 for a meeting of the California Association of Port Authorities.

Terry Hamid, sales manager, attended the Western States Coalition for Effective U.S. Customs Service meeting in Seattle, March 18.

State is Match-Maker of Export Trade

This May, the California State World Trade Commission will introduce a unique computer system that will match California producers with overseas buyers, according to Commission Director Gregory Mignano.

While some fifteen states use similar systems, California's system identifies producers of *specific products* as opposed to general product descriptions used by the federal government and other state systems.

"No state or federal agency that I am aware of is now using this type of system," Mignano said. "I doubt very much that anyone can pinpoint products for foreign buyers as quickly as we'll be able to."

The Commission's new Automated Trade Leads System (ATLS) uses a detailed traffic code classification to identify products and their makers more accurately for the distribution of meaningful sales leads. Information on up to 10,000 California producers, along with an equal number of foreign buyers, can be stored in the computer. "The ATLS system adds an entirely new dimension to our export promotion program. It allows us to dramatically increase our effectiveness as a clearinghouse of information about export opportunities," Mignano said.

In 1985 alone the World Trade Commission received hundreds of inquiries from overseas buyers at trade shows in France, Japan, Mexico, and the People's Republic of China. In addition, foreign companies and their governments contact the Commission frequently for information about California suppliers.

For California producers to participate

M.V. Bin Cheng is the first COSCO vessel constructed in the People's Republic of China.

and benefit from trade leads received by the Commission, they must be registered in the Commission's computer database. Exporters wishing to take advantage of this free service and be placed in the ATLS database can obtain forms by contacting the California State World Trade Commission, 1121 L Street, Sacramento, CA 95814.

Design Firm Picked for Pier 30/32 Project

A contract for the design of a new facility on Pier 30/32 was awarded March 26 to Jefferson Associates Incorporated of San Francisco. Jefferson Associates was selected from four qualified design firms that submitted proposals.

The project is for the rehabilitation of Pier 30/32 and for the replacement of the facility destroyed by fire in 1984. It will be a combination terminal with warehouse space and a Container Freight Station.

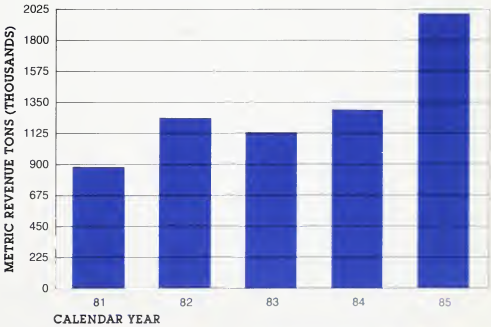
The design work will require from eight to nine months, and the construction contract is expected to go out for bid by March 1987.

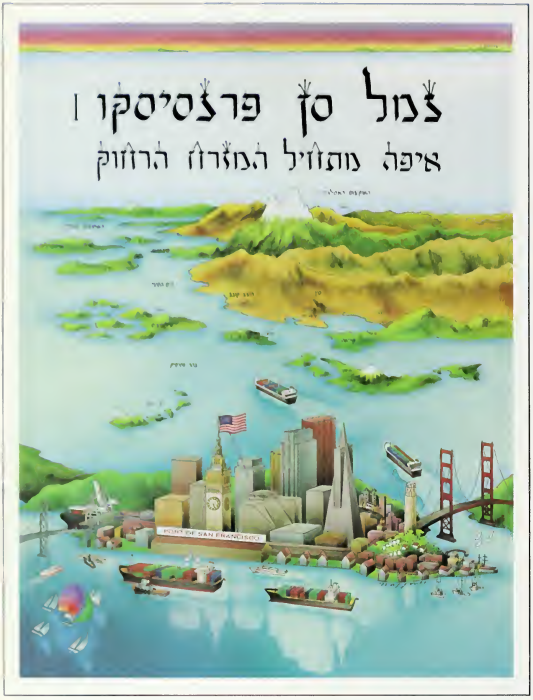
Port of San Francisco's Corner on Trade

Container tonnage at the Port of San Francisco has increased dramatically over the last five years. After a slight downturn in 1983, tonnage grew 15% in 1984 and 54% in 1985. Container cargo comprised 71% of all cargo moving through the Port in 1985.

While some growth is due to the trend towards containerization, substantial gains are attributed to the increases in capacity and frequency of service by the Port's major carriers and the addition of new shipping lines.

TOTAL CONTAINER TONNAGE





Our "Far East" Now Extends to Haifa

The Port's popular "Where the Far East Begins" poster was printed in Hebrew to acknowledge Zim's choice of San Francisco for its service to the Far East. Translated and typeset by Andrew Stern, Quality Printing Company, San Francisco, the poster was prepared for the trip to Haifa of Mayor Dianne Feinstein, Executive Port Director Eugene Gartland, and Port Commission President Arthur Coleman. One addition is on the Hebrew language version of the poster—Haifa is indicated just over the horizon.

Hebrew is the fifth language in which the poster has been printed. The others are English, Chinese, Japanese and Korean. Copies of the poster in any of the five languages are available upon request.

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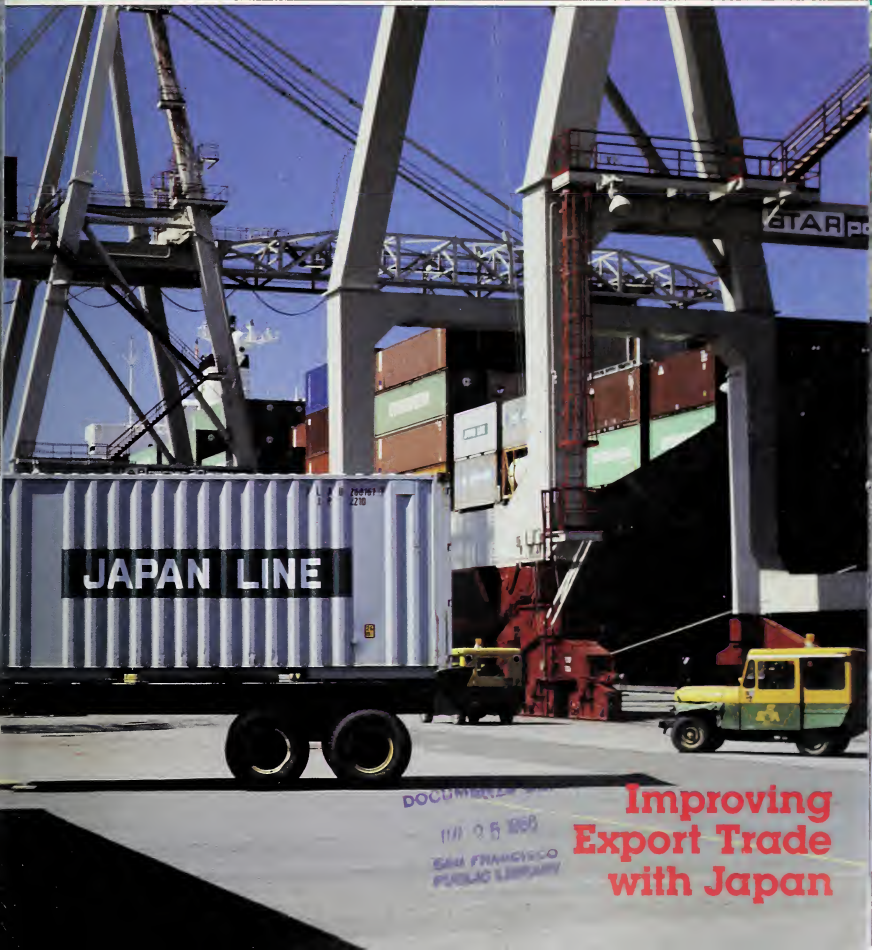
The Port of San Francisco

May-June 1996



Improving Export Trade with Japan

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Improving Export Trade with Japan

By Tetsuo Okubo
JETRO San Francisco

JETRO (Japan External Trade Organization) is a non-profit, government-supported organization established in Osaka in 1951 to help Japanese small business exporters penetrate overseas markets. Over the years, JETRO has continuously modified its activities to deal with changes in Japan and in the world economy. In the last decade, its emphasis has shifted more and more to "reverse trade promotion"—the promotion of exports to Japan.

JETRO San Francisco is the second oldest of the 79 JETRO offices worldwide, founded shortly after the New York office in 1954. The San Francisco office is responsible for working toward improved trade and economic relations between Japan and a region comprised of eight western states, and puts particular emphasis on assisting American firms in this region to enter or expand their presence in the Japanese market.

With the free trade system currently undergoing real challenges, JETRO is increasing its efforts to improve international cooperation.

At the Tokyo Economic Summit held in May, Prime Minister Yasuhiro Nakasone stressed that Japan would, from that point on, channel its economic energies into bolstering domestic demand, as part of a concerted effort to free itself from a dependence on exports.

Behind this move in part, was a report presented to the government in April by a private advisory body, "The Advisory Group on Economic Structural Adjustments for International Harmony," otherwise known as the Maekawa Commission. The report advocates the restructuring of the Japanese economy to facilitate greater harmony with the international community.

While economics and trade are two sides of the same coin, several recommendations within the report are *directly* related to trade. These include:

Expand domestic demand by enacting policies to stimulate spending, and by promoting imports through consumer-directed campaigns.

Transform industrial structure to be more harmonious internationally by fostering

those industrial sectors which enjoy an international comparative advantage; by promoting direct investments overseas; and by putting in place agricultural policies designed to allow greater access for foreign goods into the Japanese market. Direct overseas investments will play an important role in rectifying Japan's external trade imbalance and in developing the economies of countries that receive investments. With regard to investments coming into Japan, the report calls for the promotion of industrial cooperation, technological exchanges, improved financial dealings, and the wider availability of commercial and investment information.

Improve market access for foreign manufactured goods by fully implementing the 1985 "action program," and by making information available to companies on access to the Japanese market and Japan's distribution systems.

The "action program" was designed by a special committee of high ranking Japanese government officials to address some 200 concerns identified by foreign companies and governments. The key provisions include broad changes in setting standards and certifying products, reductions or elimination of tariffs on more than 1,800 items, a variety of measures to liberalize Japan's financial and capital markets, a promotional program to encourage private companies and consumers to purchase foreign goods, steps to ease the entry of non-Japanese firms into service markets, and a number of other actions to stimulate imports to Japan.

Commenting on these sweeping recommendations, Shoichi Akazawa, chairman of JETRO and a member of the advisory group which drafted the action program said, "What is most noteworthy is that the advisory group's recommendations call for drastic readjustment of Japan's industrial structure and further acceleration of overseas investment as fundamental policies for reducing Japan's huge balance-of-payments surplus. Japan needs to shift its economic structure from an export-oriented one to one that will be more compatible internationally and more geared to balanced trade."

Mr. Akazawa called for action by others as well, in support of Japan's initiatives. This echoed what Prime Minister Nakasone said during his meeting with President Reagan on April 14, when he noted that Japan's efforts will not bring about the desired results unless other nations also strive to solve their own problems. An example of this is the Gramm-Rudman Act which seeks to reduce the budget deficit in the United States.

The Maekawa Commission's report described current international economic trade relations as being "at a crisis stage, with Japan facing growing isolation if its current economic and trade imbalances continue. Such isolation from the world, the report acknowledged, would surely have an adverse effect on the global economy as a whole.

Presently, Japan is the only country that is promoting access to its markets in order to increase imports, without asking for the same in return.

For instance, an American businessperson wishing to enter the Japanese market can come to any of the six JETRO offices in this country, and we will help him or her identify ways to successfully do business with Japan. This assistance is available free of charge.

A high percentage of Japanese businesspeople is engaged in international trade and many are highly adept exporters. On the other hand, there appear to be relatively few exporters in the U.S. In fact, the vast domestic market in the U.S. may encourage some American businesspeople to play it safe in the U.S. and to dismiss overseas marketing as unnecessarily risky.

The risk is worth taking, however. A far-sighted American manufacturer can "piggyback" on his or her success in the U.S. market and take advantage of economies of scale by producing for both domestic and overseas markets simultaneously.

The Japanese market is highly competitive and it's true that a foreign company should not anticipate finding immediate success there. Rather, it should develop an entry strategy which takes the long view, looking three to five years down the line, at minimum. The company must do its market research homework—both JETRO and appropriate U.S. agencies can be helpful—to learn about the market.

Look at some of the great success stories of U.S.-Japan trade—Sunkist, California Almond Growers Exchange and Ore-Ida Foods, for example. Each of these companies did its market research homework to learn about trends and idiosyncrasies in the Japanese market, and molded its marketing strategies accordingly.

Japan isn't a market where you can sell just anything, but an exporter can be successful if he or she sells goods suited to Japanese needs in the Japanese way. Quality and price being equal, the Japanese consumer will often prefer a Japanese-made product over an import, so it is necessary that goods exported to Japan be priced competitively and of highest quality or in great demand for their uniqueness.

We believe that producers in the field of health care, for example, will find a growing market for their products in Japan. In the U.S. this market is already very advanced, but the Japanese people are in need of more health-related products. To take advantage of this supply and demand imbalance, JETRO has just announced plans to hold a "Made in the USA Fair" in Osaka in March 1987. The theme of the exhibition touches upon fairly topical subjects such as improving the quality of life and the problems of an aging society. Exhibits will consist of equipment from the United States, primarily designed for maintaining good health, providing medical services and re-equipping hospitals. There will also be health equipment designed for use in the home, as well as utensils, processed food, and teaching aids for home use. Exhibitors will be limited to American manufacturers, exporters and export organizations, as well as agents who have been asked to deal with sales in Japan. Only American products will be included in the fair.

It should be noted that the value of the Yen has risen about 40 percent relative to the dollar since last September, causing the loss of many export contracts and a steep increase in the number of bankruptcies of smaller and mid-sized companies in Japan. Japan, as you can see, has much at stake in stabilizing the world economy. Despite the disruptions being experienced in this transition period, however, the efforts to expand domestic demand and to become less export-oriented will continue.

In order to support the free trade system and to strengthen the positive relationship between Japan and the U.S., I sincerely hope more American businesspeople will look towards Japan as a market for export and take those important first steps to building a Japanese presence. The JETRO San Francisco office stands ready to assist.

Japan is California's #1 trading partner, and California is Japan's #1 trading partner in the United States. In fact, if California were a separate country, it would be #2 behind the United States itself.

At the Port of San Francisco Japanese cargo is carried on Japan Line, Evergreen Line, Zim Container Service, National Shipping Company of the Philippines and China Ocean Shipping Company. In 1985, this cargo amounted to 19% of all cargo handled by the Port. With the beginning of Japan Line's service to San Francisco in April, and Zim Container Service last March, this figure is expected to increase substantially.

Ronald M. Johnson District Director U.S. Food and Drug Administration

"Just once I'd like to turn over a rock and find flowers instead of snakes," says Ron Johnson in describing what he's run into since becoming director of the San Francisco FDA District Office a year and a half ago.

"I was aware that there were problems when I came out here from St. Louis, but I certainly was not aware of the extent. Everything has needed some attention. In the import area particularly, there was a serious lack of communication between the industry and the FDA. Reports that we operated with an air of arrogance and unaccountability were troubling and too frequent."

It has been suggested that Johnson was "encouraged" to take this position to "clean up the act" in San Francisco. But to Johnson, it also meant coming back home to California.

Born and raised in San Diego, Johnson entered San Diego State University as pre-med student majoring in zoology.

"Then one day I decided I didn't want to go to school for the rest of my life. I had an on-campus interview with an FDA representative which was so appealing I decided then that was what I wanted to do. Being a government employee was not such a bad thing then," Johnson explains. "I started working for the FDA right after graduation as an investigator in the Los Angeles District Office. Most of us who started in the investigative area had some kind of a life science type background—many were pre-med or pre-dent majors."

After five years in Los Angeles, he spent another five years in Washington in a variety of positions leading to the job of compliance officer in the Office of the Associate Commissioner for Regulatory Affairs. He was the Director of Compliance in the Denver District Office for two years and then Chief of the Station in St. Louis—principally investigative since St. Louis does not have a lab. After six years in St. Louis, he took the San Francisco position.

Q. Are all of the district offices run pretty much the same?

A. There is a considerable degree of autonomy in each office. While all of the FDA offices are organized along the same lines and go by the same books, guidelines, agency policy statements and compliance program, there can be—and is—a great deal of uniqueness among the offices. Some of this is due to the variation in products handled. San Francisco, for example, has a large food industry and a very large import industry, while Philadelphia has a large drug industry. And some of the difference is due to how each interprets the policy and the manner each relates to the industry. This is a reflection of the personality of the management of the District. Each district has a personality and a reputation.

Q. Do you think there has been a change in this office's personality and reputation since you've taken over?

A. I think so. I *hope* so. I operate differently than my predecessors. Not that what I do is necessarily better, just different. For example, I don't want to give the impression that I'm soft on industry. I regard myself as a pretty strict regulator. In that regard, I don't necessarily think "cop" is a bad word. My job is to protect the public interest. If I were to be criticized by the public, it would probably be because I am not being enough of a cop. Generally, the public wants us to be a little stronger than we are.

On the other hand, I do not want to relate to the industry with an attitude of governmental immunity . . . of unaccountability . . . of bureaucratic indifference. I don't think that's fair. Just as I have a responsibility to the consuming public, I also feel I have a responsibility to the industry.

When I came here, there seemed to be an attitude of "Look, I'm the government. If you want your stuff taken care of, then you've got to do what I say." While this attitude was shared by a minority of the staff, it was that part of the staff having most contact with the outside world. Over the years a number of confrontations occurred between FDA and the industry. These left scars in our relationship. The current staff is aware of these past problems and supports my efforts to change and improve our attitude.

Q. What is the new attitude of the FDA office toward the industry? How will you deal differently with importers and brokers?

A. What I would like to do is have a relationship where we would agree to disagree and not allow those disagreements to interfere with our ability to find areas of common interest and agreement. We can sit down and I can say to you . . . Look, I understand that you're in business to make a profit. If you don't make a profit you are going to go under. So profit is a very high priority for you. My priority is public welfare, not your profits. Our priorities may not always be compatible. We may not agree. We may not like what we respectively do, but we can understand each other's priorities and go on from there. As long as we can be professional with ourselves and each other, we can have a good productive relationship.

This doesn't mean that the fact that I understand your concern for profits would

When I came here, there seemed to be an attitude of "Look, I'm the government. If you want your stuff taken care of, then you've got to do what I say."

allow me to excuse you from doing something that in my view would be detrimental to the public health. I try to be sensitive to your concerns. But if you and I have a conflict the public concern comes first. Period. I won't argue over this issue. I'm always willing to discuss problem areas and am more than willing to make changes wherever possible provided I do not sacrifice the well being of the public in the process. I have no patience with bureaucratic indifference or arrogance and will move quickly to eliminate it from our operation.

Q. Cocoa bean imports with which the Port of San Francisco has become involved would seem to fit the "problem area" category.

A. I don't know all of the history on that. But after reading reports and studying the situation, it seemed that we were asking for things unnecessarily and arbitrarily.

We have a group called IMPACT (Import Action Coordination Team) which I formed that is made up of representatives from the various components of our District Office, i.e., laboratory, compliance and investigations, as well as Ron Fischer, my special assistant. They collectively work on import issues and try to coordinate their activities for inter-departmental efficiency. I had them look at the cocoa and coffee issue and make proposals. From this we came up with a plan based on mutual voluntary agreements. The plan allows for compliance under certain situations *without* FDA detention. It is designed to reduce paperwork, time and frustration. To get the benefits of this plan, brokers, importers and reconditioning firms must sign an agreement with FDA that they will follow certain procedures. Actually, we're working on the honor system. It could eliminate up to 90% of FDA supervision on these imports. This plan provides the assurances we need . . . that I *think* we need, and yet it does away with a lot of unnecessary restrictiveness. This is the type of relationship that I was talking about—based on professionalism and credibility. If you agree to do "this" . . . then I agree to do "that".

I am very pleased with the idea and we've had a very good response.

Q. We are very concerned about the announced closing of the lab in San Francisco. Is there any hope that the decision can be reversed?

A. As the baseball philosopher Yogi Bera said, "It is not over 'til it's over."

We are now in the implementation stage—that is, developing an implementation plan to present to the FDA Commissioner. It will have guidelines on how the closing will be accomplished, sending samples to other labs, personnel needed, time frames and so forth. I can tell you for sure that nothing will happen for two years. The new Denver lab is not completed. The Los Angeles lab is being refurbished and the new lab in Seattle has not had ground broken yet. The lab here will not close until the work on those labs is completed. A lot can happen in two years.

There has been a lot of support. A lot of letters have been written on behalf of the lab. And we at this office have made all the arguments. Headquarters is not totally insensitive to the issues and suggested alternatives, particularly the proposal of the Port for low cost facilities. I believe headquarters is willing to listen.

Q. How do *you* feel about the prospect of losing your lab?

A. Of course I don't want to lose the lab . . . and it's a lot more than an ego thing or "preserving the territory." We've made a concerted effort to improve the operation of the lab. And of all the things that we have done, it is here, in the lab, that we have seen the most success. We have made a significant improvement. We have an extremely competent, capable lab director. We have very talented and gifted people that are dedicated to the Agency's mission. Much work has gone into this area of our operations and we are just now seeing the fruits of our work. This is why the closing is particularly difficult for me. It's ironical. There are a lot of other areas I'd be glad to cut out.

Q. Why did headquarters pick the San Francisco lab to close?

A. It's all dollars and cents. This lab has been here since the building was built in 1935 (The Federal Building at 50 United Nations Plaza), making it the oldest lab operating in the same location. We pay $1 million a year for space, which makes us the most expensive. No, half of this is saved if we close the lab. So, about the cost of sending our samples to one of the other labs and the bottom line is something like a $250,000 saving.

Secondly, Denver District has a new state-of-the-art lab just about completed. However, there is not enough work in Denver to fully utilize this new lab capacity. This creates an opportunity to eliminate the costs of the San Francisco facility by closing it and shipping samples to Denver to take advantage of unused capacity. This becomes a very appealing proposition. Denver is not where the action is. The action is here in San Francisco—the third largest import district in the United States—and growing. To some it makes *cents* but doesn't make sense. It is frustrating.

Q. I hate to end this on a note of frustration.

A. Well, there has been a lot of frustration—a lot of stumbling blocks to the changes we've tried to implement—not the least of which is Gramm-Rudman. Right now I'm prevented from staffing the way I want to staff. We've been trying to automate and computerize. I'm frustrated that we haven't gone much further in improving import operations.

But I'm also very pleased with what has been accomplished. We have a very dedicated and responsive staff. I think we made good strides in working with the brokers association and port authorities to deal with industry problems. There is communication.

On a coat rack in a corner of Johnson's office is a pair of angel's wings fashioned out of foil and a devil's pitchfork.

"A Christmas gift from my staff," Johnson explains. "An appropriate combination, don't you think?"

China Ocean Shipping Company

Gao Weijie, president of COSCO Inc., San Francisco (second from right) and Mrs. Gao greet Port Executive Director Eugene L. Gartland (left) and Peter Henschel, deputy mayor.

On April 25th friends and business associates of China Ocean Shipping Company (COSCO) gathered at the Consulate General of the People's Republic of China in San Francisco for a reception to celebrate the 25th anniversary of the founding of the shipping company.

Guests were greeted by Vice General Consul Gao Youjian and Gao Weijie, president of COSCO Inc. (San Francisco), one of two COSCO representative's offices in the United States.

It has been only in the last five of the 25 years that San Francisco has shared in COSCO's history. In April 1961 the company began its operation with 15 vessels. But by the end of the first year, this number had already grown to 25 vessels which carried 850,000 tons of cargo. A state-owned shipping enterprise with strong and enthusiastic government support, COSCO has steadily developed and expanded through the years. Today, with a fleet of 614 vessels aggregating 13 million deadweight tons and carrying 58,954,000 tons of cargo annually, COSCO operates full-cellular container vessels, ro/ro vessels, bulk carriers, general cargo vessels, tankers, reefers, timber carriers, barge carriers and passenger vessels—all sailing worldwide and calling at some 600 ports in more than 150 countries.

Along with the expansion of the fleet, COSCO's organizational structure also has developed on a large scale. Under its headquarters in Beijing, COSCO presently has five subsidiary companies in Guangzhou, Shanghai, Tianjin, Qingdao and Dalian and five joint venture companies with provincial and regional partners in Jiangsu, Zhejiang, Anhui, Jiangxi and Hebei. COSCO has sent its representatives to 19 offices (San Francisco is one) in 15 countries and regions, and has also established 16 joint venture corporations engaged in ship agency, chartering and marine supply services.

The first COSCO vessel to call the United States was in April, 1979, when the *M.V. Liulinhai* called Seattle.

In February 1981, nearly two years later, the first regular container liner service between China and the United States West Coast was inaugurated with the arrival of the *M.V. Zhang Jia Kou* in San Francisco, its first port of call. The event was marked by a gala civic ceremony celebrating the reconnection of both the maritime tie between China and the United States after 30 years—and the sentimental tie between China and San Francisco, home to the largest population of Chinese people outside China.

COSCO now operates 37 liner services that reach all major areas of the world. Two of these serve the United States—an East and Gulf Coast service and a West Coast service.

COSCO's West Coast service calls Long Beach, San Francisco and Seattle on a regular fortnightly basis and returns to Kobe, Japan and Hong Kong.

Kobe was added to the itinerary in April as a load/discharge center for the Northern Chinese ports of Shanghai, Xingang, Qingdao and Dalian with cargo relayed into and out of those destinations. Hong Kong provides the same service for South China ports.

Although confronted with a continuing recession in the world's shipping market over the past few years, China Ocean Shipping Company, enjoying the unusual advantages offered by its country, has been able to maintain its momentum in making constant headway.

In July 1984, COSCO signed a long-term use agreement with the Port of San Francisco, the first agreement for a regularly scheduled service that the Chinese company has had with any port in the U.S.

For a while, COSCO concentrated its efforts on the development of its East Coast trade by diverting much of the cargo to the East. But in mid-1985, the strong West Coast service was reestablished with the initiation of a new service to Hong Kong and China. This service was responsible for the first significant eastbound movement of intermodal cargo through the Port's ICTF.

Three ships are employed in this service—the *Xi Feng Kou*, *Gu Bei Kou* and *Bin Cheng* and carry from 682 to 741 TEUs. *Bin Cheng*, launched just this year, is the first Chinese-built full cellular container ship in COSCO's U.S. service.

But certainly not the last! To keep pace with the development of China's foreign trade during the period of the seventh Five-Year Plan, COSCO plans to introduce advanced technology and electronic equipment into its management, and modernize its fleet.

Over the next five years COSCO is planning to increase its fleet by approximately 25%. The plan calls for the addition of three million tons of new vessels which are estimated to cost $1.3 billion. As far as possible, the new orders will be placed with domestic (PRC) shipyards, although the more sophisticated container vessels and specialized tankers will be ordered at foreign yards.

In November 1985, a new joint venture company, COSCO North America, Inc., was formed by COSCO and John J. McMullen, owner of Norton, Lilly and Co., Inc. This new company became the line's general agent to husband all COSCO's liner services in the United States and Canada. Headquartered in New Jersey, COSCO North America also provides full agency service in New York. Norton Lilly provides sub-agency service for all other ports on the East, West and Gulf Coasts. The San Francisco office of Norton Lilly is managed by Walter Schreiber, who has been involved with COSCO for the past five years.

Over the next five years COSCO is planning to increase its fleet by approximately 25%.

On board ELMA's *M.S. Formosa* to San Francisco are (from left) Terry Hamid, sales manager, Port of San Francisco; Ronald A. Flous, Costa Rican cadet; Daniel Vivas, second officer; Captain Jorge A. Lincandro; Juan Manuel Ponce, chief engineer; and William Jetter, general manager, Western Division, ELMA General Agency Corp.

ELMA's Formosa Begins Pacific Service

The 20,717 dwt *M.S. Formosa*, latest addition to the Pacific service of Empresa Lineas Maritimas Argentinas, S.A. (ELMA), made its initial call to San Francisco June 3.

This brings the number of ships in the Argentine line's Pacific Coast service to seven and increases the frequency of sailings to every 12 days.

The *Formosa* is a modern, multi-purpose vessel and sistership of *M.S. Santa Cruz II*, a regular caller on the West Coast since 1979.

In addition to Argentine ports, the carrier also calls ports in Uruguay, Chile, Peru, Ecuador and Central America in its service to the Pacific coast of the United States and Canada.

According to William Jetter, general manager, Western Division, ELMA General Agency Corp., "*Formosa* provides about one million cubic feet of additional space for containers, break-bulk and bulk cargoes to better serve the growing trade between Latin America and the Pacific Coast."

Recognition for Coast Guard

The Coast Guard held center stage on San Francisco's waterfront during "Coast Guard Appreciation Days," May 2–4. The 3-day event, sponsored by the Coast Guard Foundation, was organized to call public attention to the contributions of the more than 9,000 men and women serving the five districts of the Pacific Rim, who not only protect U.S. coasts, but maintain the safety and operation of maritime traffic. Awards for excellence by a Coast Guard Unit, for individual performance and for heroism were presented at a fund-raising dinner.

Public festivities included band concerts at Pier 45, search and rescue demonstrations, aircraft flybys and water hoists in the waters off Pier 39, and open houses on six Coast Guard vessels.

The icebreaker *Glacier*, cutters *Rush* and *Resolute*, and the *Blackhaw*, a buoytender, were all open at Pier 45. The cutter *Point Heyer* was at Pier 39.

Of particular interest was the *Californian*, a tall-masted training ship and an exact replica of the revenue cutter *Lawrence* used for federal law enforcement during the hey-day of the California Gold Rush. The *Californian* is the first sail training vessel to operate off the coast of California.

The Coast Guard Foundation provides financial support to the Coast Guard Academy and to a broad range of Coast Guard activities.

Port Stages 3rd Annual Whaleboat Race

The music, the warm sunny weather, and the surge of activity drew hundreds of spectators to the Port Promenade on May 14 for the rowing of the third annual San Francisco Port Promenade Whaleboat Race, sponsored by Friends of the Port.

Sixteen teams competed in three race categories with the Embarcadero Rowing Club finishing first in the women's race; Service Engineering nosing out five challengers for the men's race; and a Sea-Land Service/Joint Venture team taking first in the popular coed race.

Ringmaster for the event was the leader of San Francisco's own Pickle Family Circus Band whose music before, during and after the races made almost as big a splash as the rowers.

Introductions and awards were handled by Commission President Arthur H. Coleman and Executive Director Eugene Gartland. First place teams were presented with the perpetual trophies plus a bottle of Port Private Label wine for each team member. All participants received a commemorative beer stein.

The Port and Friends of the Port wish to acknowledge and thank the following for their support:

Arthur Coleman, M.D.
Bay Area Whaleboat Rowing Association
Bon Appetit Catering
California Stevedore & Ballast Co.
Compagnie Generale Maritime
Encinal Terminals
Evergreen Marine Corporation
Flota Mercante Grancolombiana, S.A.
Foreign Trade Services, Inc.
Fred F. Noonan Company
Fritz Maritime Agencies
Golden Gate Fisheries
La Fete Deli
Lykes Lines
Marine Chartering Company
Maskell Marine
New York Frankfurters
Pacific Telesis Group
Pepe's on the Pier Restaurant
Pier 39
San Francisco Bar Pilots
Sea-Land Services
Sinbad's Restaurant
Sunray Trucking Company
Thornley & Pitt, Inc.
Transpacific Transportation Co.
Transportacion Maritima Mexicana, S.A.
Triumph Marketing, Inc.
Wilsey Foundation

Port Executive Director Eugene L. Gartland presents trophy to winner of the women's race, Embarcadero Rowing Club.

Service Engineering pulls ahead to win men's race.

Coed teams line up for the start of the race.

Expo '86 at 29

If the flag flying over Pier 29 looks a little out-of-place in San Francisco, it should. It's the flag of Expo '86 being held in Vancouver, British Columbia — and a gift from one of the Port's British Columbia-based paper carriers.

The *Ferncroft* sailed into San Francisco Bay May 3 (the day after Expo '86 opened) flying the blue and white flag of Expo '86 and carrying an extra flag for the Port of San Francisco in addition to its usual cargo of rolls of newsprint for Northern California daily newspapers. The ship is operated by British Columbia Forest Products, a paper manufacturer headquartered in Vancouver and whose plant in Crofton, B.C., is just 35 miles across the Georgia Strait from the Expo city.

Since the *Ferncroft* docks at Pier 29 operated by Marine Terminals Corp., this seemed a fitting place to display the flag. If it weathers the San Francisco summer (wind and fog), the flag will fly until Expo '86 closes on October 13.

Columbus California Spearheads Expansion of Line's West Coast Service

San Francisco welcomed back the *Columbus California*, the first ship in Columbus Line's two-ship expansion of its West Coast Australia/New Zealand service. The addition of the *Columbus Canada* in July will bring the total number of ships on this route to five and increase frequency of calls from every 13 days to every 9 days.

The *Columbus California* is fully cellular and carries 530 TEU's—230 dry and 300 reefer. Refrigeration is a top requirement in this service because of the volume of perishables carried. Cargo from Australia and New Zealand consists mainly of frozen beef, lamb, and lobster tails, kiwi fruit and apples.

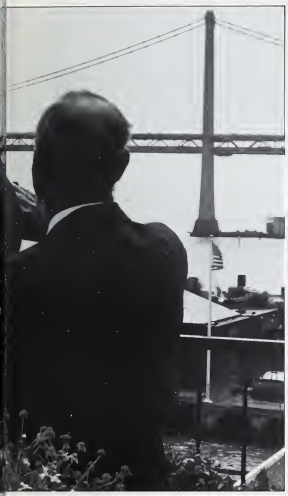
Originally placed in service here 3½ years ago, the *Columbus California* was transferred to the South American service, where, under the names of *Columbus Taranaki* and *Monte Olivia* the ship pioneered containerization to the South American trade.

The *Columbus Canada*, a sistership of the *Columbus California*, also is being transferred from the South American route where she saw service as the *Columbus Tasmania* and *Monte Sarmiento*.

According to Erwin Ludewig, president of Columbus Line, "the line is returning ships with the flexibility suited to the market conditions prevailing today in the Pacific region."

On entering the West Coast service, the ships are being renamed in honor of the areas they serve.

Columbus Line, a part of the West German Hamburg-Sued group, has operated in the Australia-North America trade for more than 25 years and offers the fastest transit time from California to Australia, according to the line. Columbus Line has called San Francisco since it began West Coast service in 1962 and uses South Terminal operated by Stevedoring Services of America. Agent for Columbus Line is Transpacific Transportation Company.



Ed Gibson signals a welcome to the *USS Missouri*

Hello Mighty Mo . . . And Goodbye . . . For Now

The greeting "Welcome to the Port of San Francisco" was signaled to the crew of the *USS Missouri* May 6 by the Port of San Francisco as the famous battleship made its way down the Bay to its San Francisco berth at Pier 30-32. The *Missouri* returned a "thank you."

Operating the signal light recently installed on the deck outside the port offices in the Ferry Building, Ed Gibson flashed the message to the *Missouri*—like he had done 40 years before, almost to the day.

Gibson is senior architect for the Port. But in May 1946, he was Signalman 1st Class Gibson, U.S. Coast Guard, aboard the *USS Theenim* (aka 63) on his way home from the Philippines.

"We were about a day out of Panama," Gibson recalls, "and had a medical emergency. There on the horizon was the *Missouri* coming back from the war and heading to Panama. I signaled and the *Missouri* picked up our sick sailor and delivered him to a hospital in Panama."

The *Missouri* was in town to be recommissioned as an active ship of the Pacific Fleet after 30 years in mothballs and a two-year overhaul. Taking part in the impressive ceremony were Defense Secretary Caspar Weinberger, Navy Secretary John Lehman, Senator Pete Wilson, Mayor Dianne Feinstein, Missouri Governor John Ashcroft, Representative Mo Udall, Senator Margaret Truman Daniels (daughter of the former president) who christened the battleship in 1944, and Captain A.L. Kipke, Commanding Officer of the *USS Missouri*.

When the *Missouri* left San Francisco to return to Long Beach for some finishing work, SM3 Timothy T. Lewis, whose ship the *USS Wichita* was undergoing some repairs at Southwest Marine, was paged to signal the Port's goodbyes.

The *USS Missouri* comes back to San Francisco for about 10 days in late June and early July.

Welcoming Columbus Line's *Columbus California* back into the West Coast-Australia-New Zealand service are: (from left) Bernd Gadow, assistant vice president, Pacific Coast-North America, Columbus Line; Captain H. J. Schneekloth, *Columbus California*; and Ronald L. Stone, director of Maritime Affairs Port of San Francisco.

M.V. Zim Genova was one of several Zim ships making their maiden calls at San Francisco Container Terminal South. Others were the *Iberia, California, Haifa, New York, Savannah* and *Montreal*

Peruvian Line Picks San Francisco as Port-of-Call

The Port of San Francisco will be the Northern California port-of-call for Compania Peruana de Vapores, the National flag line of Peru, when it resumes its regular West Coast liner service. The announcement was made jointly by Beaufort Shipping, Inc., New York and First Ocean Marine Company, Redwood City, California.

The line will call Pier 27 operated by Marine Terminals Corporation.

Three to four vessels will be used in the monthly service between Peru, Central America and the West Coast of the United States and Canada. Among the regular South and Central American ports of call are Callao, Peru; Acajutla, El Salvador and Caldera, Costa Rica. The ships will call other ports upon inducement.

The Peruvian State Line has been in operation for 85 years and had a West Coast service for five years, suspending it in 1981.

This is the first time the line has called San Francisco.

"We have a lot of confidence in the resumption of this service," said Kenneth Munro, president of Beaufort Shipping Inc., general agents for the line, "and in the West Coast agents, First Ocean Marine. Cargo bookings are increasing every day."

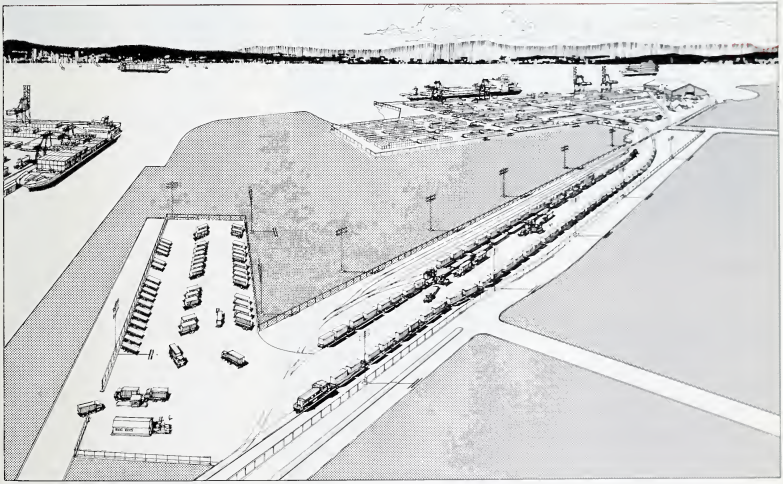
The first vessel to call San Francisco will be the *M.V. Tello*, a 14,000-ton multi-purpose vessel, according to Bengt Henriksen, president of First Ocean Marine Company. The *Tello* is scheduled to arrive in San Francisco on July 3.

At the announcement of San Francisco as a port of call for Compania Peruana de Vapores, the national-flag shipping line of Peru, are: Humberto Urteaga, consul general of Peru in San Francisco; Kenneth Munro, president, Beaufort Shipping Co.; Dr. Arthur H. Coleman, president, San Francisco Port Commission; Captain Robert E. Riley, general manager, Northern California, Marine Terminals Corporation; Jaime Perez Del Solar, vice consul of Peru in San Francisco, and Bengt Henriksen, president, First Ocean Marine Company.

A Sign of the Times

Ed Wolfram, president of California Stevedore and Ballast Company, approves of the new sign over the entry gate to San Francisco Container Terminal – North, operated by CS&B. The sign is the most visible addition to the entrance of the terminal and points to some of the other important changes. Instead of two incoming traffic lanes . . . there are now five, plus a by-pass lane. This allows for the queuing up of 23 trucks and prevents congestion on Army Street. Once inside the terminal, four truck scales are available. The gate improvements were accomplished by the Port Engineering and Maintenance Departments.

Other signs of the North Terminal modernization program are further inside the terminal. At Shed C, all utilities have been removed to prepare the shed for total demolition . . . expected momentarily.



Artist's rendering of Phase I, Intermodal Container Transfer Facility, now under construction.

Contract for ICTF Construction Awarded

The contract for the construction of the permanent Intermodal Container Transfer Facility—Phase I, has been awarded to Stacy & Witbeck, West Bay and Nationwide, San Francisco, a joint venture. This contract includes paving, lighting and all utilities, railroad track installation and construction of associated infrastructures.

The subgrade preparation and grading of the 36-acre site has been completed by Ferma Corporation.

Four eligible firms submitted bids. Stacy & Witbeck, West Bay and Nationwide was the lowest bidder.

ICTF construction remains on schedule with completion set for November.

The Port has had an on-dock ICTF since October 1984. Phase I of the permanent facility will more than double the capacity now available.

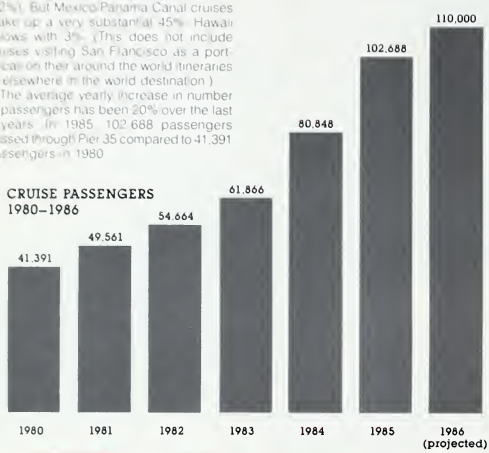
Port of San Francisco's Corner on Trade

This should be another record-breaking year at Pier 35. 110,000 passengers are expected to pass through the cruise terminal on 136 vessel calls.

The most popular destination of cruises originating in San Francisco is Alaska (52%). But Mexico/Panama Canal cruises make up a very substantial 45%. Hawaii follows with 3%. (This does not include cruises visiting San Francisco as a port-of-call on their around the world itineraries or elsewhere in the world destination.)

The average yearly increase in number of passengers has been 20% over the last 6 years. In 1985, 102,688 passengers passed through Pier 35 compared to 41,391 passengers in 1980.

Vessel calls have increased as well, but at a lesser rate. This is because cruise vessels calling San Francisco are sailing at higher levels of capacity and several of them have been enlarged.



Neudecker Named to Trade Development Post

John M. Neudecker joined the maritime department in June as manager of Trade Development.

Neudecker has 14 years of operations and management experience with San Francisco shipping agencies. Most recently, he was vice president of liner services for Trans-American Steamship Agency. Before that, he was with Transpacific Transportation Company and with Overseas Shipping Company.

As manager of Trade Development for the Port, Neudecker will work closely with shippers on a worldwide basis, and with the Port's representatives in Tokyo, Taipei, and the U.S. Midwest, to increase the amount of cargo routed through the Port of San Francisco.

Chang Takes Seat on Commission

William H.C. Chang was sworn in as Port Commissioner by Mayor Dianne Feinstein on June 3. He fills the vacancy created by the resignation of Gordon Lau.

Chang is president of Westlake Builders, San Mateo, the property development arm of the Westlake Group, a family-owned business headquartered in Daly City. His company is involved in the development of office buildings and residential projects in the United States, Japan and China.

Before this, he was vice president of Westlake's trading arm, Asiam Corporation, whose primary trading partners were the People's Republic of China and Japan.

Born in Japan of a Japanese mother and Chinese father, Chang studied in England before coming to the United States in 1974. He was graduated from Harvard University with a Bachelor of Arts degree in economics.

Active in community affairs, he was involved in the founding of the Asian Business League and the Chinese American Association of Commerce, of which he is still a director. He is also a director of the Chinatown Resource Development Center and Chinese American International School in San Francisco and of Network in Oakland.

In August 1985, he was appointed by the Mayor to the Social Services Commission.

Chang is a naturalized citizen. He speaks Japanese fluently and has a working knowledge of Chinese.

At 29, Chang is the youngest person ever to be appointed to the Port Commission.

Port People

■ Executive Director **Eugene L. Gartland** and **Ronald L. Stone,** director of Maritime Affairs, have returned from a 14-day trip to the Far East where they reaffirmed the Port's commitment to maritime growth and development.

"We wanted to re-emphasize to our users that Maritime is the number one business at this Port," Gartland reported, "and San Francisco offers some very real cost-saving benefits."

Meeting with carriers and shippers in Tokyo, Taipei and Hong Kong, they brought customers up-to-date on the status of the improvements to maritime facilities. The new larger on-dock intermodal rail facility is under construction and will be operational in November, two new container cranes have been purchased, and the modernizaiton program for North Terminal is going full speed.

The Port of San Francisco's representatives, Nippon Maritime Co., Ltd. in Tokyo and Grand World Shipping Agencies, Ltd. in Taipei, participated in the meetings.

■ **Roger Peters,** intermodal manager, attended the International Intermodal Expo '86 in Atlanta, Georgia, May 28–30, the third year for this intermodal event. During the 3-day conference panels of transportation executives discussed the status and direction of intermodalism in North America and worldwide. Exhibitors from all over the world participated.

■ **Martha Seijas-Schwartz,** market research specialist, attended the Seatrade Worldwide Cruise Conference in New York April 15–16. The conference was attended primarily by representatives of cruise lines, ports, travel agencies and tourism boards. Topics discussed ranged from marketing approaches to new cruise ship building designs. Of particular interest to the Port was the session on destinations and ports. The Port of San Francisco, recognizing the City as a popular cruise destination, is increasing its attention to this important segment of the maritime industry.

■ The Port Engineering Department was well represented at the American Society of Civil Engineers' Ports and Harbors Conference—"Ports '86" held May 16–21 at the Oakland Hyatt Regency. Attending were **Vello Kiisk, John Kellogg, Cliff Jarrard, Ed Gibson, Dave Holmes, Vic Yew, Jim McFarland, Ed Bubnis** and **Rupali Bose.** Kiisk, who is chief engineer at the Port, and Bose were members of the conference committee and chaired the formal banquet at the San Francisco Palace Hotel.

Epirotiki Comes to San Francisco

This summer the blue and white cross and stripe of the flag of Greece will be a familiar sight at the Pier 35 passenger terminal.

Epirotiki Lines' *M.T.S. World Renaissance* makes fourteen calls at the Port of San Francisco, and the *Jason* makes two.

The 12,000-ton 450-passenger *World Renaissance* sails to Vancouver on what the line calls the Expohotel Cruise—a five-day cruise from San Francisco followed by a flight back (or vice versa). The cruise includes two days and nights in Vancouver with tickets to Expo '86, and an overnight in Victoria. Passengers are also boarded in Los Angeles.

The 250-passenger *M.T.S. Jason* will spend the summer doing 14-day cruises between British Columbia and Alaska. *Jason* calls San Francisco during repositioning cruises.

The last Epirotiki ship to visit San Francisco was over ten years ago.

Summer Sailings from San Francisco

JULY	Vessel
5	Royal Viking Star
	Royal Princess
11	Fairsky
13	World Renaissance
15	Royal Princess
23	Fairsky
	World Renaissance
25	Royal Princess
27	Royal Viking Star
	World Renaissance
AUGUST	
4	Royal Princess
	Fairsky
6	World Renaissance
10	World Renaissance
14	Royal Princess
16	Fairsky
18	Royal Viking Star
20	World Renaissance
24	Royal Princess
	Fairsky
28	Fairsky
29	Royal Viking Star
SEPTEMBER	
3	Royal Princess
	World Renaissance
7	World Renaissance
9	Fairsky
13	Royal Princess
17	World Renaissance
21	Fairsky
	World Renaissance
23	Royal Princess

Destination & Itinerary

Royal Viking Star
11 days to Canada & Alaska
Seattle, Victoria, Sitka, Juneau, Skagway, Haines, Glacier Bay, Ketchikan, Vancouver

For further information:
Royal Viking Line, 1 Embarcadero 39/40th floor, San Francisco, CA 94111
(800) 422-8000 or (415) 398-8000 or contact your travel agent

Royal Princess
10 night round trip to and from Canada & Alaska:
Vancouver, Juneau, Glacier Bay, Sitka, Victoria.

For further information:
Princess Cruises, 2029 Century Park East, Los Angeles, CA 90067
(800) 354-4441 or contact your travel agent.

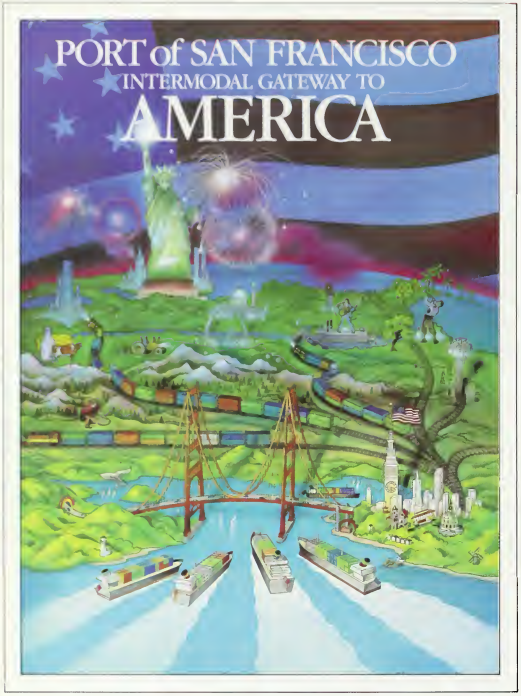
Fairsky
12 days round trip to Canada & Alaska
Victoria, Vancouver, Port Hardy, Ketchikan, Juneau, Skagway, Glacier Bay, La Perouse Glacier, Sitka

For further information:
Sitmar Cruises, 10100 Santa Monica Blvd, Los Angeles, CA 90067
(800) 421-0880 or contact your travel agent

World Renaissance
7 nights—cruise one way/fly one way Vancouver via Victoria (overnight stay in Victoria then spend day at Expo with ship as hotel)

For further information:
Epirotiki Lines, 8500 Wilshire Blvd, Ste. 931, Beverly Hills, CA 90211
(800) 221-2470 or contact your travel agent

Saluting Ms. Liberty



The United States from a San Francisco point-of-view, depicted in this year's ad campaign, emphasizes the position of the Port as an Intermodal Gateway to America.

But it is also the Port's contribution to the birthday celebration in honor of the Statue of Liberty and a playful look at all the rest of the country served by the Port.

At the time artist Dug Waggoner, whose work also appeared in the "Where the Far East Begins" ads, prepared this illustration, no one realized just how much 1986 would be the year of America . . . a year of celebrating America and a year of seeing America.

The Port is making posters of this artwork (shown here) available upon request. There is a $2.00 charge for mailing in the U.S., but no charge for posters picked up at the Ferry Building or mailed internationally.

If you wish your name to be added to our mailing list, please contact

Wharfside

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San Francisco, CA 94111

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Nedlloyd Loads Two America's Cup Yachts in San Francisco

Two America's Cup Challengers

San Francisco . . . August 7 . . . a typical summer morning . . . overcast, chilly, even drizzly. But few cared of the nearly 100 people who had gathered at North Terminal to watch the loading of two of America's Cup challenge 12-meter yachts aboard the *Nedlloyd Kingston*. Most of the people represented companies that were involved in what was taking place:

- Nedlloyd, the Dutch-owned shipping line whose vessel would transport the yachts to Fremantle, Australia,
- Transpacific Transportation Company, West Coast agent for this Nedlloyd service,
- MASA, freight forwarder for the St. Francis Golden Gate Challenger yacht—USA,
- European Ocean Freight Inc., freight forwarder for the Heart of America challenge yacht
- California Stevedore and Ballast Company, operators of North Terminal, and
- The Port of San Francisco.
- Many of the crew and personnel of San Francisco's USA were there, as well as several from Chicago's Heart of America, and a large contingent of press.

The loading took most of the morning. The USA was lifted out of the water first with its secret keel covered with a blue tarp. On deck, the keel was further shielded with a wood base mounted under the cradle.

The Heart of America was lifted keel-less to its cradle from land (its keel safely stowed in a container). Altogether the shipment consisted of the boats, their masts, one 31-foot tender, a 20-foot power boat, and containers of equipment, sails and rigging.

According to the master of the *Nedlloyd Kingston*, Captain H.J.G. Crone, the ship is scheduled to arrive in Fremantle September 4.

Sail Aboard *Nedlloyd Kingston*

America's Cup Highlights

- America's Cup race itself begins January 31 between two yachts—an Australian defender and a challenger from the United States, Canada, France, England, Italy or New Zealand. This is the first year since the race began in 1851 that the United States has not been the defender.
- 13 yachts are entered in the Challenger Races (October 5 through January 23) to pick the challenger to the Australian yacht. (At the same time the Australians will be selecting a "defender" from four of their yachts.) Six of the 13 challengers yachts are from the United States.
- Winner hosts the 1990 America's Cup race. If the Golden Gate's USA becomes the challenger and then wins the Cup, the next America's Cup race will be held in San Francisco Bay. It has been estimated that the race would bring $1.5 billion in revenues to San Francisco.
- All boats must be 12 meter yachts. This is not a single measurement but the sum of several factors. It is the length at a certain point plus twice the difference in girth of a point above the water and one below the water minus the height from the waterline to the deck plus the square root of the sail area. Now divide that sum by 2.37 and the answer has to come out exactly 12 meters. That's why the Golden Gate's USA is 65 feet in length and 97 feet in height while Heart of America is 67 feet in length and 90 feet in height—and both are 12 meter boats.
- To keep an eye on these boats, remember Golden Gate's USA is sail number US 61 and Heart of America is sail number US 51.

Nedlloyd Line

Since 1983, Nedlloyd Lines has offered the only non-stop direct service to Fremantle, West Australia, making the Dutch line the way to go for the America's Cup challenge yachts from the West Coast. (In addition to the two loaded aboard the *Nedlloyd Kingston* in San Francisco, Carrada II and Newport Harbor's Eagle were loaded aboard the *Nedlloyd Kembla* in Los Angeles three weeks before, with a special stop in Honolulu to load two yachts of San Diego's Sail America.)

The voyage to Fremantle takes 24 days and is one leg of a round-the-world service that then calls ports in Africa and South America before returning to the U.S. West Coast.

The direct Western Australia call is a newer variation of a successful service that the company has operated for over 50 years.

Nedlloyd first began service to the Port of San Francisco in 1931. In 1982 the line moved to Oakland for a year and a half before returning to San Francisco. With the arrival of the *Nedlloyd Katwijk* in September, the service will expand to five 17,000 + dwt multi-purpose ships according to Nedlloyd Lines. H. G. Pouderoyen, trade manager for the service, Trade Directorate Pacific Basin, San Francisco, Transpacific Transportation Company, a wholly owned subsidiary of Nedlloyd, is the West Coast agent.

Last year Nedlloyd established a second service to San Francisco, the Nedlloyd River Plate Brazil-California Express. This is a monthly inbound service between California and Argentina, Uruguay, and Brazil on the east coast of South America and the Dutch-owned Caribbean island of Curacao, a hub port of Caribbean cargo. This service operates three 13,000 + dwt multi-purpose vessels, with Trans-American Steamship Agency, Inc., the West Coast agent.

Both Nedlloyd services use North Terminal operated by California Stevedore and Ballast Co.

Nedlloyd Lines, headquartered in Rotterdam, is one of the world's largest shipping lines. It operates over 100 ships including full container ships, roll-on/roll-off and multi-purpose vessels with a total capacity of over two million tons, and calling principal markets around the world. Of the 37 regular liner services in which Nedlloyd is involved (including the three new North Atlantic services) the vast majority are a part of a consortium.

The Royal Nedlloyd Group was formed in 1970 as a Nederlandsche Scheepvaart Unie (or United Netherlands)—a name that soon gave way to the Nedlloyd Group.

The roots of the company go back a hundred years before that—to 1870—and its history reads like a family tree. It began with Stoomvaart Maatschappij Nederland (better known as SMN) with steamers in the Dutch East Indies/Europe trade. Thirteen years later a second steamship company, Rotterdam Lloyd (RL) was formed both as competition and as a complement to the service of SMN. Five years after that the two companies set up a third company (KPM) to link the outlying parts of the Indies with the main ports. And 12 years after that the three companies formed a fourth company, Java-China-Japan Line (JCJL) to handle the growing trade between the Indies and the Far East.

Chicago's Heart of America is lifted from land to the deck of the *Nedlloyd Kingston*.

San Francisco's USA is lifted from the water.

After World War I, a number of shipowners including those already mentioned, opened up joint service (VNS) to fill gaps in the market.

Merging began after World War II. In 1947, the Java-China-Japan Line merged with KPM's Indonesian service becoming Royal Interocean Lines and operating many famous passenger liners. Its last, *Nieuw Holland*, was withdrawn in 1974.

By 1970, all the lines gave up their independence and merged to create a new style company—a group—complete with all of their subsidiaries—which today amounts to 199 subsidiary companies.

While Royal Nedlloyd Group covers many transport and energy interest, shipping remains its most important operation and accounts for 60% of Nedlloyd's business.

While the company experienced a decline in earnings for the first six months of this year, attributed to the strong dollar, weak oil prices and depressed shipping market, it expects an improved performance in the final half of 1986.

Jacobus Groenendijk, chairman of Nedlloyd, has said that Nedlloyd intends to "fill the missing pieces" in a worldwide route structure. The three new North Atlantic services are beginning in mid-September and, according to Groenendijk, before long they will begin expanding in the transpacific trades.

The bright orange intertwined rope symbol of Nedlloyd may be a much more familiar sight on the West Coast.

Vice Admiral John D. Costello

Commander of the Twelfth Coast Guard District, the Coast Guard Pacific Area and the Maritime Defense Zone (Pacific)

If Vice Admiral John D. Costello has anything to say about it—and he does—ship traffic outside the Golden Gate could move as safely as it does inside.

"All that's required is for ship and boat operators to have radios and the willingness to tell us (Coast Guard) where they are and what they are going to do," Admiral Costello explains.

Considerable attention has been focused on safety (or lack of it) in the shipping lanes outside the Golden Gate since the Memorial Day collision of a tanker and a fishing trawler in which the fishing boat was sunk and three fishermen lost their lives.

Admiral Costello outlined his plan to interested and affected parties at a Coast Guard workshop in early August. A second workshop is planned for the end of September.

"I think it is a good plan. It is simple and it should not cost anyone very much money.

"Radios now are required on all vessels over 300 gross tons and on all boats that take passengers for hire. And although not required, most of the fishing boats have radios. This leaves the recreational boats. For the most part only the very experienced recreational boaters go beyond the gate when the visibility is poor . . . and only rarely at night."

But is everyone willing to tell the Coast Guard where he is and what he is going to do?

The fishermen seem to be a little reluctant to divulge exactly their location. They like to keep their favorite fishing waters to themselves. One way around this would be to divide the area into geographic blocks. A fisherman could report only in which block or blocks he is fishing or moving into, without revealing the exact location of his fishing spot. This would be good enough for us."

Costello will propose this at the next workshop.

"At that time, if we can get a concensus of more than 50%, we'll probably do it. The administrative procedures to put the plan into action are being assessed now. There'll be a hearing process and any decision to go ahead with the proposal will have to be published in the Federal Register. If nothing more is required, I am hopeful that this safety procedure could be in operation by the end of the year.

"It will still be strictly voluntary, but I can't imagine that anyone who wants to increase his safety would not want to participate. That should be everybody."

Several other safety plans were suggested, such as extending or altering the shipping lanes.

"International rules of the road apply outside of a line from Point Bonita to Mile Rock Lighthouse. The International Maritime Organization (IMO) is the forum through which changes to international rules must be processed. They move with the 'speed of a fast snail', because any change approved for this area would be applicable to every harbor in the world. Setting such a precedent is not done lightly. To alter the existing shipping lanes would be a very lengthy process—a process involving an international organization. Even if successful, it would not be responsive to the immediate need."

In San Francisco Bay the record of safety has been next to perfect since the Coast Guard introduced a sophisticated monitoring system in the late 1960's. This was followed by the Coast Guard's development of the nation's first Vessel Traffic System located on Yerba Buena Island which utilizes radio and radar to monitor the 70,000 vessel movements in the Bay per year and increasing.

If the plan goes through, Admiral Costello says, the Coast Guard would extend the monitoring of traffic to *outside* the Gate and would become an "experienced, but largely disassociated, third party" between the deep-draft vessels and the commercial fishing and recreational boats.

A soft-spoken, unpretentious man with a gentle wit, Admiral Costello has the ability to make the people he meets "instantly comfortable," forgetting just how wide are his command and authority.

As the senior Coast Guard officer in the Pacific, he has operational authority over the five Coast Guard Districts which encompass the entire Pacific Basin, while at the same time being Commander of the Twelfth Coast Guard District in Alameda.

He has also been designated Commander, U.S. Maritime Defense Zone (Pacific) under the Commander in Chief, U.S. Pacific Fleet. This is a new and unique Navy Command that just came into being

In San Francisco Bay the record of safety has been next to perfect since the Coast Guard introduced a sophisticated monitoring system in the late 1960's.

in late 1983 and is little known to the public. Composed of both Navy and Coast Guard forces, this new command is responsible for the coastal defense of the United States in the Pacific.

Admiral Costello has spent all of his adult life in the Coast Guard.

Born and raised in New Jersey, Admiral Costello was attracted to the Coast Guard through an announcement on his high school bulletin board.

"I'd never even heard of the Coast Guard. But the notice said that the Coast Guard—whatever that was—would pay me to go to college. I figured that might be the only way I would get to go. Entry to the Coast Guard Academy in New London, Connecticut, is not by appointment, but by competitive examination. I took the exam and was accepted. This meant four years at the Academy and three years of obligated duty after graduation. That time was up in 1955—by then, I knew I would stay in the Coast Guard."

His duty has ranged from commanding a Loran Station in Alaska to participation in the Mariel-Cuban boatlift in 1980. But the Admiral says his most satisfying duty was out of San Francisco from 1960–65 commanding the cutters *Ewing* and *Active* along the California Coast from Crescent City to Morro Bay.

The Coast Guard is a branch of the Department of Transportation and is charged with a dozen special missions, but built on three major cornerstones.

The first is law enforcement, the original reason for the Coast Guard's existence. Formed in 1790 to go after smugglers, the Coast Guard is still so empowered, and its personnel are, in fact, Customs Officers of the United States.

The second is military and dates back to 1797 when during an undeclared war with France, U.S. vessels were being raided. Our Navy had been disestablished because of the expense of maintaining it, the Army had under 100 men, and so the Coast Guard was charged with defending our coast.

The third, and the one most applicable to Coast Guard activities in San Francisco Bay, is safety both on land and at sea. This is the function that includes sea and air rescue and the proposed plan to increase safety outside the Gate.

Actually, safety is divided into two categories: prevention, which includes inspection, licensing, and aid to navigation; and reaction, which is giving aid and finding solutions.

Admiral Costello has held his present post since 1984 and expects to be here another two years. Some reorganization is underway and he says he'll be making an announcement soon about another Coast Guard flag coming to the Bay Area.

The Coast Guard is a very satisfying career, according to Admiral Costello, and although the work is the same as in other services—maybe a little worse—it offers a higher degree of satisfaction.

"I myself haven't rescued anybody in a few years, but I work with people who have. And I work for a service that makes it possible for one person to save the life of another. There is no greater satisfaction."

Coast Guard personnel man the Vessel Traffic System on Yerba Buena Island

More Shore Time in San Francisco For Epirotiki Passengers

Epirotiki Lines, M.T.S. *World Renaissance*, is extending the amount of time the ship spends in port in San Francisco, according to Captain Spyros Kekas, allowing Los Angeles passengers more time for a free San Francisco sightseeing and night life.

The Greek-owned cruise liner began its series of 7-day Epirotiki cruises between Los Angeles and Vancouver in July, calling San Francisco to board passengers northbound and discharge passengers southbound.

What they hadn't realized, explained Captain Kekas, was that San Francisco is itself a destination even for Los Angeles passengers. They wanted some time in San Francisco. Epirotiki immediately expressed their hours in port giving passengers a day and a night in San Francisco.

The *World Renaissance* fly-cruise package includes two days and nights in Vancouver for Expo '86 and an overnight in Victoria.

This summer marks the first time the 450-passenger *World Renaissance* has called San Francisco.

Ronald L. Stone (right), director of Maritime Affairs for the Port of San Francisco, presents a watercolor print of the San Francisco skyline to Captain Spyros Kekas, *World Renaissance*, on the occasion of the Greek cruise ship's first visit to San Francisco. Henrik J. van Noord (left) is vice president of Interocean Steamship Corporation, U.S. West Coast agent for Epirotiki Lines.

Royal Viking Star Sets Course for Warmer Waters

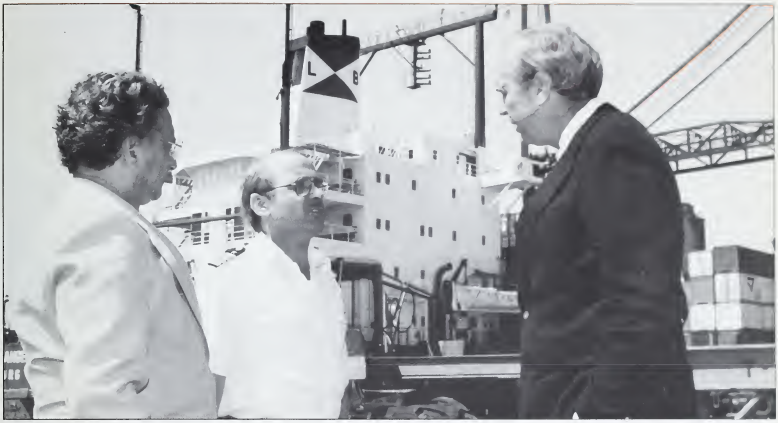
The Royal Viking Line will base the *Royal Viking Star* in the South Pacific and Orient in 1987. The *Star* has called Alaska since 1974 and has sailed this itinerary from San Francisco for the last three consecutive seasons. After *Star* completed its last Alaska cruise at the end of August, it headed to the Far East. Its future itinerary includes a Christmas/New Year's cruise from Singapore to Australia with a first-ever call at Perth, Western Australia.

But would-be Alaskan travelers are not to worry. Next season the *Royal Viking Sky*, sister ship of the *Star*, will assume the Canada/Alaska schedule.

Island Princess Heads Down Under

After a summer of Alaska cruises, the *Island Princess* will call San Francisco October 2 beginning a 28-night cruise to Sydney, Australia. En route, the cruise liner will call such exotic ports as Lahaina, Honolulu, Christmas Island, Bora Bora, Papeete, Moorea, Pago Pago, Vava'u (Tonga), Fiji Islands and Auckland. During the winter, the ship will cruise the South Pacific sailing from Sydney and Papeete. This will be the first time Princess Cruises has operated a regular South Pacific schedule.

San Francisco will see the *Island Princess* again next May when the ship returns to begin its 1987 Alaskan cruise schedule.



Jose Ubirajara S. Almeida, owner's representative, Lloyd Brasileiro; Captain Hartmut Fensch, *Lloyd Los Angeles*, and Dave Luce, Kerr Steamship Company agent for the line, at North Terminal.

Los Angeles Comes to San Francisco

The 12,000 dwt *M.S. Lloyd Los Angeles* entered the Lloyd Brasileiro West Coast/Brazil express container service in July as a replacement vessel maintaining the Brazilian line's 3-ship 3-week service.

Even with the decrease in Brazilian coffee as a result of the severe drought last fall, cargo volumes have increased due in part to the increase in Central American cargo. Vessels now have been running nearly full and on several recent voyages cargo had to be shut out, according to Jose Ubirajara S. Almeida, owner's representative. The line plans to add a fourth vessel before the end of the year.

Zim Tokyo Makes First Call

Stacked five high, the 25,212 dwt containership *M.V. Zim Tokyo* departs South Terminal following its first call in San Francisco, since Zim Container Service moved over from Oakland in March. The *Zim Tokyo* is one of 10 vessels in the Israel westbound service that calls San Francisco every 10 days.

Stevedoring Services of America handles terminal services for the Israeli shipping line.

Another New Car Carrier for Wallenius

Wallenius Lines' *M.V. Pacific Breeze* called San Francisco in late June on its maiden voyage. Delivered in April, the Japanese-built car carrier stows up to 4,313 small-sized automobiles.

Jointly owned by Wallenius Lines Japan Ltd. and Fuji Shipping Co. Ltd., and of Japanese registry, the *Pacific Breeze* is the newest addition to the Wallenius fleet.

Aboard the *Pacific Breeze* are (from left) Lars Adamson, Fred F. Noonan Co., Inc.; Captain Masatoshi Mutch, master of the *Pacific Breeze*; Karl F. Goertzen, Mercedes-Benz of North America, and Fred F. Noonan, president, Fred F. Noonan Co., general agent on the U.S. West Coast for Wallenius Lines.

Canada Completes Columbus Expansion

The *M.S. Columbus Canada* made its San Francisco maiden call in mid-July following sistership *Columbus California* in the line's expansion of its West Coast/Australia New Zealand service.

With five ships now in the service, frequency has been increased to every nine days and cargo capacity nearly doubled. Fully cellular, the 15,128 dwt *Columbus Canada* carries 530 TEUs, approximately half of which can be reefer.

Columbus Line uses South Terminal, where Stevedoring Services of America handles stevedoring and terminal operations. Transpacific Transportation Company is agent for Columbus Line.

Welcoming Captain Klaus Gerber on the bridge deck of the *Columbus Canada* are (from left) Bernd Gadow, assistant vice president, Pacific Coast-North America; John Neudecker, manager of Trade Development, Port of San Francisco, and Ronald L. Stone, director of Maritime Affairs, Port of San Francisco.

Overlooking the City from the bridge deck of the *M.V. Tello* are (from left) Rene Osorio, First Ocean Marine, Captain Igor Miletich Varela, *M.V. Tello*, Eugene L. Gartland, executive director, Port of San Francisco, and Bengt Henriksen, president, First Ocean Marine

M.V. Tello Inaugurates Peruvian Line Service To San Francisco

Compania Peruana de Vapores, the national flag line of Peru, began its service to San Francisco with the arrival here of the multi-purpose vessel, *M.V. Tello*, in mid-July.

This was the first call in San Francisco by the Peruvian State Line since the announcement in early June that San Francisco would be the shipping line's Northern California port of call and Pier 27 operated by Marine Terminals Corporation would be its San Francisco terminal.

Coffee was, and is expected to continue to be, the major commodity discharged in San Francisco.

"All of the major South American flag carriers now call San Francisco," Port Executive Director Eugene L. Gartland said in welcoming the ship. "This new service further strengthens our position in the important Latin American coffee trade."

Although a monthly service, the ships will make two calls at San Francisco on most voyages, discharging cargo northbound and loading cargo southbound, according to Bengt Henriksen, president of First Ocean Marine Company, West Coast agent for the line. Manufactured products is the primary southbound cargo.

The 14,000 dwt vessel is owned by Peruvian State Line and will be joined by two and possibly three other ships in this new service.

Shed C is demolished to make way for North Terminal modernization

Bids Out on North Terminal Modernization

Bids for the major phase of the North Terminal modernization have gone out to contractors and are due in by September 18. The price tag on this phase is expected to be around $16 million.

The improvements will turn this former combination facility into a first-class container terminal with three container berths plus an auxiliary berth, and designed for either port packer or transtainer operations.

Two transit sheds on this terminal already have been demolished to make way for a larger and more efficient container yard. Under this new bid, half of a third shed will also be removed.

High priority will be the installation of a crane rail needed to accommodate the two 100-foot-gauge cranes being fabricated in Korea and scheduled for delivery in April 1987.

Two small marine buildings will be constructed on the terminal to house lunchrooms, rest rooms and yard offices.

Finally, all utilities will be installed underground and the entire yard releveled and repaved.

Completion date is set as March 1988.

Evergreen's Chairman Y.F. Chang (left) accepts cable car bell from Port Commission President Arthur Coleman.

Evergreen's Chairman Chang in San Francisco

Chairman of the Evergreen Line Group, Mr. Y. F. Chang, was in San Francisco to discuss the operations of the two Evergreen services that call San Francisco and the increased tonnage expected with the introduction of the larger 2,940-TEU GL-ships. The GL-ships began entering the Pacific Coast/Japan/Taiwan/Hong Kong service the end of August.

An authentic San Francisco cable car bell was presented to Chairman Chang to commemorate the opening of the new Evergreen International Headquarters in Taipei earlier this year.

Fish Industry Study Endorsed

A study prepared by consultant Carol M. Brown on the requirements of the fishing industry in the development of Hyde Street Pier and adjacent lagoon was endorsed by the Port Commission August 13. This study will form the basis for further planning.

While Fisherman's Wharf has evolved from a dedicated fishing wharf to a multi-use area, San Francisco continues to be recognized as one of the major West Coast ports receiving and distributing fresh seafood. Reported landings have more than tripled over the past 25 years, largely as a result of the capture of an increasingly wider variety of fish species. Over the last six years, commercial fishermen have landed an average of 40 million pounds annually in the San Francisco area, at an estimated value of $21 million.

Based on these and other findings, recommendations include adding 85 berths, upgrading boat support facilities and developing new facilities for fish handling.

Former Commissioner Lau Honored

The San Francisco Port Commission awarded the Order of Maritime Merit in the rank of Commander to former commissioner Gordon J. Lau, at their July 23rd meeting in recognition of his service to the Port of San Francisco.

Lau, a San Francisco attorney, was appointed to the Port Commission in October 1983 by Mayor Feinstein. He resigned earlier this year because of possible conflicts of interest.

Prior to this, Lau was a member of the Board of Supervisors and president of the San Francisco Planning Commission.

Lau is Chairman of the Mayor's San Francisco/Shanghai Friendship City Committee and is actively involved in the exchange of cultural, educational and economic projects between the two cities, and the establishment of the San Francisco/Shanghai Friendship City and Port relationship.

During his term on the commission, Lau contributed significantly to the continuing growth of the Port and of the Port's share of Pacific Rim trade.

Lau, second from right, receives the Order of Maritime Merit award from Commissioners William H C Chang, Anne W. Halsted, Arthur H. Coleman, president of the Commission, and James J Rudden Chang succeeded Lau on the Commission.

Guayaquil/ San Francisco Become Sister Ports

A sister port relationship has been established between the Port of San Francisco and the Autoridad Portuaria de Guayaquil, Ecuador, following approval by their respective commissions.

Located 39 miles inland on the Guayas River, Guayaquil has been a major port since the construction of its deepwater harbor, Puerto Nuevo, in 1960.

The document proclaiming the relationship was presented by San Francisco Port Commission President Arthur H. Coleman to Eduardo Pareja, Commercial Counselor at the Consulate General of Ecuador in San Francisco, for delivery to the Port of Guayaquil.

"Sister port status recognizes the amicable relations between our two ports," Coleman said, "and confirms our intention to expand mutual social and economic interests, assisting each other in the improvement of trade."

Guayaquil is also the headquarters of Naviera Interamericana Navicana S.A. (Navicana), the Equadoran-flag shipping line that began calling San Francisco in 1984. Also serving the two ports is the Argentine shipping line Empresa Lineas Maritimas Argentinas (ELMA).

(from left) Executive Director Eugene L. Gartland, Port of San Francisco; San Francisco Port Commission President Arthur H. Coleman; Eduardo Pareja, Commercial Counselor, Consulate General of Ecuador in San Francisco, and Ron Stevenson, Seapac Services, agent for Navicana, with document proclaiming sister port relationship between San Francisco and Guayaquil, Ecuador.

Shanghai Interns Complete Port Study Program

Huang Jianxin and Hua Gaochao are taking a stack of new ideas back to the Port of Shanghai after spending four months at the Port of San Francisco and completing one of the most intensive educational fact finding programs of its kind. Sponsored by the Asia Foundation under the auspices of the San Francisco Shanghai Friendship Association, the two maritime interns from the People's Republic of China were selected to come here to learn all they could on port operation and management. With the help of many maritime companies and organizations in the Bay Area, they learned a lot.

Unlike other intern programs, these interns are already working in the maritime industry.

Huang Jianxin, 33, is deputy manager of Gong Qing Handling Corp., one of 13 stevedoring and terminal operating companies at the Port of Shanghai. Approximately 200 people are employed in his terminal which handles over 5.4 million metric tons annually.

Hua Gaochao, 30, is a member of the Dispatch Department of Shanghai Harbor Administration Bureau, which is in charge of shipping, documentation and safety in handling dangerous cargo.

An in-depth program was designed for the Port by Port Technologies International and administered by Gordon White, Bruce MacKinnon and Tamera Crites combining interviews and demonstrations with hands-on applications. Areas covered were cargo handling, government regulatory procedures, vessel and container operations and container terminal management.

Shanghai interns Huang Jianxin and Hua Gaochao

One of the high points was working with Norton, Lily and Co. for three days on the operations needed prior to arrival and on arrival of the China Ocean Shipping Co. (COSCO) vessel, *Bin Cheng*.

A few of the many impressions and ideas the interns are taking back to Shanghai:

1. Organization of the ocean terminals is very important. Many people are needed to operate the terminals in Shanghai while only a few are needed here.

2. At the Port of Shanghai computers are used only for statistics and analysis, while here they are widely used in terminal and management operations. These additional applications should be introduced into Shanghai's operations.

3. Today the development of inland transportation seems to be as important as the container terminal. But in China, the transportation network is developing very slowly and it is difficult to get goods into the hinterlands. The Intermodal Container Transfer Facility is a good idea for the Port of San Francisco and could be a good idea for the Port of Shanghai.

4. Handling newsprint by vacuum is very impressive. This would be useful technology at the Port of Shanghai.

Both Mr. Huang and Mr. Hua expressed their thanks for this valuable experience and the helpfulness and kindness of the people they met.

"During our visit, we have tried also to contribute to the friendly relations between our two ports," said Mr. Huang.

"You know," added Mr. Hua, "we have a lot in common. Both of us... the Port of San Francisco and the Port of Shanghai are Gateways to the Pacific."

Increased Cargo Accelerates South Terminal Gate Expansion

Emergency action is being taken by the Port to speed up the delivery of containers to South Terminal and to cut down on congestion at the gate caused by the tremendous increase since March of container tonnage handled at this terminal.

To bring immediate relief to truck drivers, the incoming lanes were increased in late August from four to six, and entry procedures modified.

Further construction will add two to four more entry lanes and a truck scale. Entry efficiency will be improved by converting the present system of a "one-stop gatehouse" where all entry procedures are performed, to a streamlined three-stage entry system in which many of the procedures can be computerized and more trucks processed at once.

The new gate concept was designed by Vickerman, Zachary, Miller, and agreed upon by truckers and shipping lines using the terminal, and by Stevedoring Services of America, operator of the terminal.

Under the plan truckers will stop at stage #1 to identify themselves through an intercom, proceed to stage #2 and one of the four scales that automatically record in the gatehouse, and finally to stage #3 for entry inspection and filing of the necessary reports.

Construction will be completed within eight months and cost between $500,000 and $600,000.

Cargo tonnage at this terminal has increased 37% during the past year, from 854,000 metric revenue tons in 1984 to 1,175,000 in 1985. While no tonnage figures are available for the past few months, truck movements since March have increased 99.46%.

It was in March that Zim Container Service and Japan Lines moved their services to San Francisco and that Evergreen Line replaced its 1,810-TEU L-ships with the larger, 2,728-TEU G-ships. Columbus Line has added two ships to its service since May. All are users of South Terminal.

PORT VISITORS

■ A 17-person Japanese delegation headed by the President of the Japan Port and Harbor Association visited the Port of San Francisco in July. Because of the group's special interests, a tour of the commercial development of Pier 39 was arranged and a briefing on San Francisco's Clean Water Program was presented by Alex Pitcher.

■ **Mr. M.J.S. Neal**, a member of the Wellington (New Zealand) Harbour Board toured the Port of San Francisco facilities in early August. Board members there are elected by district. Mr. Neal represents an important agricultural region. Last year cargo through the Port of Wellington reached six million tons setting a new record.

■ **Mr. Yoshiharu Sato**, chief of the Maritime Museum Planning for the Port of Yokohama, was in San Francisco in July to visit the National Maritime Museum, San Francisco, and study both the commercial and maritime developments at the Port in connection with Yokohama's Minato Mirai 21 project, a comprehensive development plan for the 21st century.

■ **Mr. Simon Yalla**, inspector of Health Operations for the government of Papua New Guinea toured San Francisco's Federal Drug Administration (FDA) lab and the cargo terminals of the Port with emphasis on the methods used for the inspection and clearance of import commodities.

■ **Holly Fuerstenberg** and **Kristine Lopes**, midshipmen at the California Maritime Academy, Vallejo, California, worked as interns with Maritime Department management personnel for two weeks in August.

Breakwater Nearing Completion

Construction of the Fisherman's Wharf Breakwater is progressing ahead of schedule with completion set for mid-October, according to Col. Andrew M. Perkins, Jr., U.S. Army Corps of Engineers. The 1200-foot breakwater will reduce wave action within the 26-acre basin, not only protecting the vessels berthed there now, but allowing for the construction of additional berths and support facilities for the boats.

It has been a long time coming, but it's almost here!

Port of San Francisco's Corner on Trade

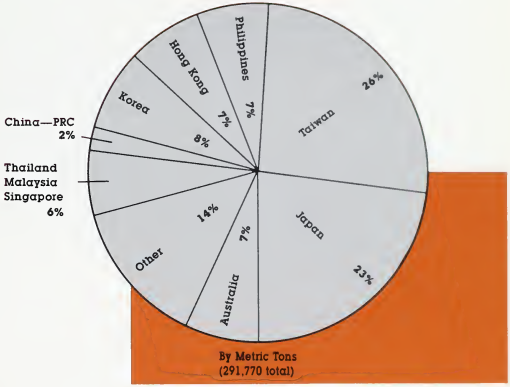
The relative position of our export trading partners varies somewhat depending on whether it is figured by the dollar value of the cargo or by tonnage.

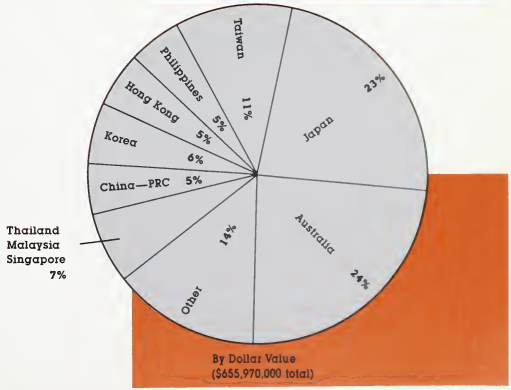
Tonnage figures for calendar year 1985 show 26% of our exports were to Taiwan, while only 7% were to Australia.

However, when dollar value is used to compute the high value of the machinery and parts exported to Australia put the country in first place (24%) while Taiwan drops to third. The position of other trading partners were nearly the same.

By either method, the Pacific Rim is San Francisco's primary trading area, accounting for 86% of all exports.

TRADING PARTNERS FOR LINER EXPORTS CALENDAR YEAR 1985





The Port Commission presented commendations to two members of the Port staff in recognition of their outstanding performances.

■ **Renee Jones**, Collections Supervisor was recognized for creating professional collection policies and procedures and establishing a well-documented record keeping system that have resulted in a significant increase in the collection of receivables.

■ **Maureen Gatt**, Senior Account Clerk, was recognized for her initiative in implementing new procedures and control systems to improve the efficiency of Accounts Payable for the timely payment of vendors, and for developing an agreement with the Controller's Office that resulted in the expeditious payment of over one hundred claims.

Commission President Arthur Coleman presents certificate of commendation to Maureen Gatt . . . and to Renee Jones

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Wharfside is published bi-monthly by the Port of San Francisco

Editor: Nancy F. Pitt
Design: Williams & Ziller Design
Photographs: Air News Photos, pgs 6, 7, 8, 9, 10, 11, 12, 13, 14, 16; Still News Photos, cover and pgs 4, 5, 9, 12; Latitude 38, pgs 2–3; Royal Viking Line, pg 8.

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THE PORT OF SAN FRANCISCO

Wharfside

NEW SAN FRANCISCO ICTF OPENS FOR BUSINESS

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Cotton Exports Topping

All indications continue to confirm earlier predictions that the 1986/87 cotton season (from August 1 through July 31, 1987) will be the best in years. After only four weeks, sales of cotton had already totaled 3.9 million bales—twice as much as was exported during *all* of 1985/86.

The USDA has projected that this year 7.2 million bales will be exported. This is almost identical to the projections of John Goss, Allenberg Cotton Co. and vice president of American Cotton Shippers Association. Speaking at the Western Cotton Shippers Association's recent conference in Fresno, Goss projected that 7.15 million bales will be exported from a total export sales of 7.85 million bales. (The 700,000-bale difference is anticipated carryover sales on August 1, 1987.)

This is good news for everyone involved in exporting and transporting cotton. At the Port of San Francisco, where cotton ranks as one of the top three exports, expectations are high. At the present time most of the cotton handled here is from the San Joaquin Valley and is carried on Zim Container Service, Evergreen Line, United Yugoslav Line and National Shipping Corporation of the Philippines. The latest estimate for this season's crop is 10.56 million bales with 2.7 million of that coming from California and Arizona.

What's the reason behind this sharp increase in sales? Mainly, it's the 1985 farm bill as it pertains to cotton, and, to a lesser but still significant degree, the weakened dollar.

Basically, the farm bill makes U.S. cotton competitive in world markets.

The United States, historically, has a long and solid business tradition in terms of exporting cotton. From this country's very earliest days, according to Richard Goldberg, Deputy Under Secretary for the U.S. Department of Agriculture, this commodity has been one of our most important export crops. Up until just two years ago, the U.S. dominated the world cotton market.

"However, because we weren't meeting our competitors' prices, we allowed Pakistan, China and Australia to expand sharply in traditional U.S. export markets such as Japan and South Korea. Our exports plunged to the lowest level since World War II," Goldberg explained.

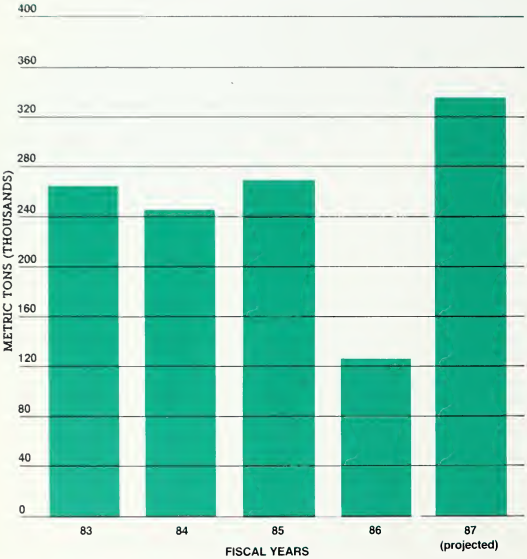
Under the 1985 farm bill, cotton acreage is reduced 25% and cash subsidies are paid to growers and buyers of warehoused cotton in order to match the world market price. This farm bill not only offers an incentive to increase cotton use abroad, but also eliminates an incentive for increases in foreign production. Already Australia, Guatemala and Mexico appear to be reacting to lower world prices by reducing cotton output.

The long term effect is that having less acreage and more sales, the surplus will decrease, causing the prices to rise to a point where eventually the growers will not require the subsidy to match world prices. At least that is the idea, and it seems to be working.

Thanks to the Western Shippers Association for their help in the preparation of this article.

Port of San Francisco's Corner on Trade

BAY AREA LINER COTTON EXPORTS



After declining cotton exports over the last few years, and a miserable 1985–86, experts project a surge in 1986–87. The San Francisco Customs District will handle 338,000 metric tons according to these projections.

Expectations

Continental Maritime of California

Last year . . . when Continental Maritime heard that two cannons at Fort Point were in bad condition and the National Park Service wanted to have them repaired, the company volunteered for the job.

"It took about seven or eight months because we worked it in around and between our paying jobs," explained Roger Picchi, chairman of the board of Continental Maritime Industries and owner of the privately owned company. "We thought people here would enjoy working on these old cannons."

The cannons were picked up, brought back to the shipyard, disassembled, and put back in working order using the original blueprints. The cannons were cleaned and repaired. In some cases new metal parts had to be made.

The cannons are now back "on duty" at Fort Point, guarding us against confederate pirates who may come through the Golden Gate.

Although the "cannon caper" is completed, Continental Maritime is not without "paying jobs."

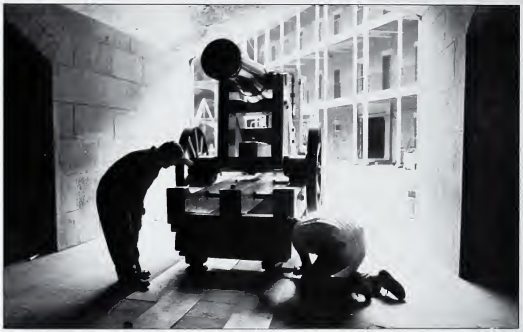
The *USS Mauna Kea* sits in Continental Maritime's drydock undergoing phase maintenance. Next to it is the *USS New Orleans* here for an overhaul awaiting its turn in the drydock. For the moment . . . and for Continental Maritime . . . the ship repair business looks good.

Most of the Bay Area ship repair facilities are located in San Francisco and are the largest employers of blue collar labor. Add to this the many subcontractors who depend on ship repair work, and the importance of this industry to the economy of San Francisco is apparent.

"Our work force is between 600 and 700 right now," says Arthur Wardwell, vice president and general manager of Continental Maritime Industries, Inc., "but it can drop as low as 100 depending on the work. It's a tough marketplace."

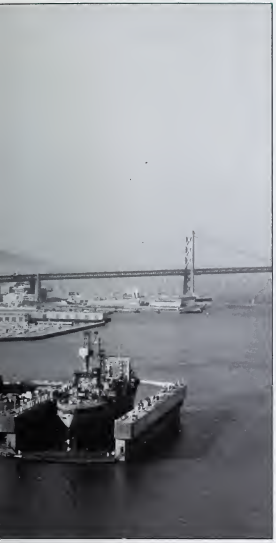
Continental Maritime began in 1949 as S.F. Welding and Fabricating in a shop on Folsom Street. It was a family-owned business that, true to its name, specialized in welding and fabricating. When ship repair jobs came along, the firm would lease a berth on an on-job basis. Ship repair opportunities grew. In 1979 the company moved to Pier 54. Then in 1983 the firm obtained a lease on 17 acres of Pier 50 in order to expand its ship repair operations and to accommodate the addition of a floating drydock.

In 1984 the company whose name had evolved to San Francisco Welding Company, S.F. Welding and finally SFW Corp., became Continental Maritime of San Francisco. San Diego Iron and Steel, also owned by the Picchi family, became Continental Maritime of San Diego . . . and both were under a parent company, CM Industries, headquartered in San Francisco.



Cannon is reinstalled at Fort Point following complete renovation by Continental Maritime.

The 668-foot-long drydock built for Continental Maritime in Germany and moored along the face of Pier 50 since the summer of '85, can handle 90% of the vessels that come into the Bay. While the drydock is not always in use, it enables the company to compete for more work than they could without the dock. "The $16 million *New Orleans* contract, for example, is for nine months, but the vessel will be in drydock for only 60 to 75 days. But Continental



Students from James Lick Middle School are shown some of the skills employed at the shipyard.

couldn't have completed and secured the job without the dock.

But putting something into the Bay, even if it's floating, does not come free.

As a mitigation to the Bay Conservation & Development Commission (BCDC) for a permit to moor the floating drydock and to satisfy a public access requirement, Continental Maritime turned a piece of unused waterfront land into a pocket park with benches and a place to fish. Panels on a kiosk illustrate how a drydock works and show a collection of historic photos of Mission Rock.

"When we were researching pictures and information for the kiosk we discovered that ours is not the first drydock here. In the late 1800's before Pier 50 was built, a drydock was attached to Mission Rock," Wardwell says. (Mission Rock was shaved down when Pier 50 was built.)

Continental feels that the Missouri battle group will be a big asset to the ship repair industry here. "The greater the activity in the area—Navy and commercial—the greater the ship repair potential. We still get voyage repairs from the commercial market. And the more business the Port does, the more opportunities we have."

A Very Special Program

Every other Wednesday morning, a busload of from 15 to 20 sixth to ninth grade students are guests of Continental Maritime in a unique educational program.

The kids are first year students in the school system's special education program. These students have some type of learning disability that for one reason or another prevents them from being able to easily fit into the regular classroom at this point in time. Make no mistake, these are not "dumb" kids, but kids with problems who could easily "fall through the cracks" if it were not for the special education programs that have been set up in school systems and the "hands on" opportunities like the one provided by Continental Maritime.

Continental Maritime's involvement in the program began last year when Chairman of the Board Roger Picchi contacted the San Francisco school system. Working with Lois Behnke, a program consultant in Special Education, Picchi proposed a plan to bring these students to the shipyard and show them the various vocations that are represented here and would be "within their reach."

After some hesitancy by the school system — and a couple of pilot trials, the program began on November 27, 1985 under the direction of Vice President Operations Arthur F. Wardwell.

During the 1985–86 school year, Continental gave seventeen tours to 240 students and 33 teachers and aids. Fourteen middle schools participated.

Following a breakfast briefing, the students are given a tour of the drydock and eight or ten of the ships. Here the various jobs are demonstrated and often the students get the chance to actually do a part of the job — welding, cutting sheet metal, etc.

After the morning tour, the company hosts the students to a white tablecloth lunch at the Naval Officers Club on Treasure Island before returning them to their school. For many of the children this is their first field trip. Perhaps more important, it is their first close involvement with blue collar workers and the many important and complex tasks they perform in a day's work.

Evergreen is the first customer of the ICTF with an eastbound shipment of containers.

New ICTF Dedicated

Over 160 containers earmarked for an eastbound intermodal move were unloaded November 24 from the *M.V. Ever Vigor*. The release of intermodal cargo here came after a decision by Evergreen officials in Taipei to divert the *Ever Vigor* from Los Angeles to San Francisco for its first port-of-call on this voyage, and consequently, the primary port of discharge for intermodal shipments.

The announcement made by Richard Huang, president of Evergreen International (U.S.A.) Corporation, Los Angeles, couldn't have come at a more dramatic time, capping the dedication ceremony of the Port's new Intermodal Container Transfer Facility.

The new ICTF is located on 36 acres adjacent to busy South Terminal and more than doubles the Port's ability to transfer container cargo between ship and railcar. Because it is "on-dock," San Francisco's ICTF reduces costs and time by eliminating the need to truck containers over city streets between the ocean terminal and rail yard.

Speaking at the dedication ceremony, Executive Director Eugene L. Gartland referred to an earlier commitment between Evergreen and the Port, "Chairman Chang

Port packer loads containers on demonstration train.

Commission President Arthur H. Coleman speaking at dedication ceremony.

of Evergreen told me that if we would build proper intermodal rail facilities Evergreen would move intermodal cargo through San Francisco. We have both kept our words."

"This ICTF will be one of the most efficient rail/water transfer facilities on the West Coast," Gartland said. "It is a key element in establishing San Francisco's competitive position."

Referring to the reduction in drayage costs, Gartland added, "With our on-dock facility, we can offer savings of $30 per container over other Bay Area ports and at least $60 over Southern California ports."

The Port of San Francisco began operating a container rail service in May, 1984. Five months later, the facility was moved on-dock following completion of track modification to allow the 90-foot railcars to be brought right on the terminal.

Last October, this interim ICTF handled a total of 222 railcars carrying 742 TEUs.

The new ICTF consists of two loading/unloading tracks with a total capacity of 42 standard intermodal railcars or 15 double stack cars, a paved area between the two tracks for port packer operations, three additional tracks for storage and by-pass, two dedicated gates and parking for 200 45-foot container chassis. The facility will provide throughput capability of 105 railcars per eight-hour shift (A railcar holds two 40-foot containers, six half 20-foot containers, or a combination.).

Shipping lines currently using San Francisco's ICTF are Evergreen Line, Jadar Line, Zim Container Service and China Ocean Shipping Company.

Build out of the complete facility, when cargo volume warrants, would expand the area to 56 acres and double throughput capability.

At the conclusion of the ceremony attended by representatives of Southern Pacific, shipping lines and their agents and terminal operators, a brass plque was unveiled that will be permanently installed at the entry gate.

Port Visitors

Fabian Gabon, legal adviser to all departments of the **Papua New Guinea government**, visited the Port, meeting with Angela Kaikas, a member of the city attorney's staff assigned to the Port.

A Japanese study group from the **Shizuoka Prefectural Government** (Japan), on their way to the U.S. and Canada, stopped at the Port of San Francisco. Following a presentation of Port facilities and activities, the group was given a tour of Pier 39, a point of interest for most Japanese visitors.

Other visitors from Japan included Masao Kasahara, chief of the personnel section, **Nagoya Port Authority** and K. Senda, **Port and Harbor Bureau, City of Yokohama**.

A delegation from the **Port of Trieste** met with Port personnel on development projects and toured Port facilities.

Axel Holmqvist, a director from the **Port of Gothenburg** (Sweden) and Claes Magnas, president of the **Swedish Master Stevedores' Association**, visited the Port to observe modern stevedoring methods and cargo handling equipment.

Coast Guard Inaugurates Safety Plan

On December 1st the U.S. Coast Guard began operation of the Offshore Vessel Movement Reporting System (OVMRS) as a service to all vessels in or passing through the ocean approaches to San Francisco Bay.

It is hoped that this system will prevent accidents like the Memorial Day collision between a fishing boat and freighter that resulted in the loss of three lives.

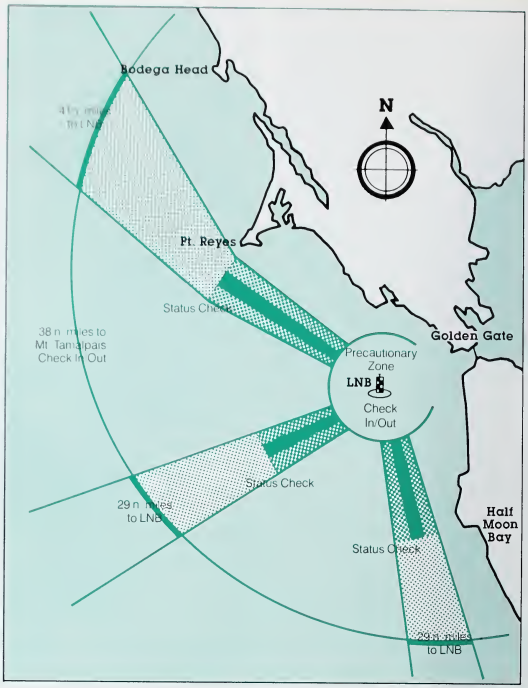
The OVMRS has been set up to aid in detecting potential close encounters and to improve communications between vessels.

Although participation is voluntary, the Coast Guard urges all vessels transiting the ocean within the OVMRS area to participate as follows:

Deep-draft vessels (vessels over 300 gross registered tons and vessels with tows) should report their movements to the Coast Guard's Vessel Traffic Service (VTS).

All vessels should listen to VTS broadcasts of deep-draft vessels in their area and navigate and communicate appropriately—identifying your vessel and your intentions to approaching vessels.

The OVMRS area is the ocean waters within a 38-nautical mile radius of Mount Tamalpais (37°55.8' N, 122°34.6' W). The distance of the perimeter of this area from the San Francisco Approach Lighted Horn Buoy (or LNB for Large Navigation Buoy) measured seaward beyond each of the three charted Traffic Separation System lanes are: North lane – 41 n. miles; Main or Western lane – 29 n. miles and Southern lane – 29 miles.



Responsibilities of Deep-Draft Vessels. Before entering the OVMRS area from sea or from San Francisco Bay, deep-draft vessels call the Coast Guard's San Francisco Vessel Traffic Service on VHF-FM channel 16. Switching to channel 12, the vessel reports its type, name, position, route, speed, and estimated time of arrival at either the LNB (if the vessel is inbound), or the seaward perimeter of the OVMRS (if the vessel is outbound). VTS will broadcast this report; and, upon reaching the seaward end of one of the Traffic Separation System lanes, approximately halfway in the transit, the vessel will report an update of its progress to VTS. After an initial call on channel 16, VTS will broadcast the status of all participating deep-draft vessels on channel 12 on the hour and half hour.

Responsibilities of All Vessels. By monitoring the radio transmissions of vessels reporting into the OVMRS, as well as scheduled broadcasts, listeners will be informed of participating deep-draft vessel movements. All vessels should communicate their identity and intentions to other vessels operating in their vicinity. The OVMRS is only an information service. The conduct of mariners will still be governed by: agreements reached by communicating between vessels, good seamanship, and the International Rules of the Road.

For further information, contact: Commanding Officer, U.S. Coast Guard, Vessel Traffic Service, Yerba Buena Island, San Francisco, CA 94130; or telephone 415-437-3073, Lt. Cmdr. James Spitzer.

Evergreen GL Ships Begin Service to San Francisco

The first of Evergreen Line's larger GL-type ships to call San Francisco, the *M.V. Ever Group* was welcomed here during its maiden voyage, fresh from Onomichi Dockyard Co., Ltd., Kobe, Japan.

With a capacity of 2,940 TEUs when loaded four-high, 212 more TEUs than the G-type ships, the GL ships are the largest in Evergreen's fleet; yet, these ships are so technically advanced that they require only a 14-man crew. *Ever Group's* Captain Chiu Chiz-poung said that the number of crew members is expected to be reduced to 12.

The *Ever Group* is replacing one of the six G ships in the line's weekly service between the U.S. West Coast and Japan, Taiwan and Hong Kong. The G ships were brought into the service last spring to increase capacity for the space chartering agreement with Japan Line. Two more GL ships, the *Ever Goods* and the *Ever Guest* arrived in San Francisco in October. According to Thomas Chen, deputy senior vice-president, Evergreen International (U.S.A.) Corporation in San Francisco, GL ships will gradually replace all of the G ships in this service.

Capacity of the GL ships will grow to nearly 3600 TEUs beginning next year when each ship will be "jumboized"—slicing the ship in two and adding a new section in the middle.

Beginning in January, Evergreen will be realigning its three West Coast services, two of which call San Francisco. The G and GL ships will call Japan and Korea, while the second service will call Hong Kong and Taiwan only. Three Japan Line ships will be introduced into the Hong Kong-Taiwan service as part of the Evergreen-Japan Line space charter agreement.

Captain Hsu Chang-ping, *M.V. Ever Guest*, points out to Terry Hamid how side vision has been improved on the GL ships by jutting out a section of the bridge

Three container cranes work the 792-foot *M.V. Ever Goods*.

Port Presents Plan to Save FDA Lab

The Port presented plans to incorporate a state-of-the-art Federal Drug Administration laboratory within the Pier 30-32 development to a team from the U.S. General Accounting Office. The GAO representatives were here evaluating options in closing the FDA lab.

The Pier 30-32 site is being developed as a Container Freight Station—a warehousing operation where containers are loaded, unloaded, stoveloaded and combined—and as a distribution center for food products, principally coffee and cocoa beans. Space has been set aside to accommodate an FDA lab.

A lab in this location would speed the clearance of the many food imports that come through San Francisco, benefiting importers, owners and customhouse brokers.

Last April the FDA announced that within the next two years it would close six of its twenty-one labs around the country as an economy measure. The San Francisco District lab was one of those marked for closure.

The present lab has occupied space in the Federal Building at 50 United Nations Plaza since the building was constructed in 1935. This is a prime Civic Center location.

We pay nearly half a million dollars a year for lab space, said Ronald Johnson, director of the San Francisco District FDA, "making this the most expensive FDA lab in the country."

Johnson feels that if space could be provided for the FDA lab at a reasonable rental rate, the FDA would retain its lab in San Francisco.

In an effort to keep the lab here, the Port of San Francisco came up with the plan to incorporate a state-of-the-art laboratory within the Container Freight Station development on Pier 30-32. The people from the San Francisco FDA district met with the project designers, Jefferson Associates, so that the design plan would fill the laboratory's requirements.

San Francisco is the nation's third-largest import district behind Los Angeles and New York and handles approximately 3,000 import samples a year. While it includes both airports and seaports in the Bay Area, 99% of all import work in the San Francisco district comes from the maritime industry.

At the request of members of Congress, the General Accounting Office is auditing each of the laboratories fingered by the FDA for closure, evaluating whether the FDA considered options to lab closures. Local FDA sources feel that the availability of low-cost, convenient and efficient facilities at the Port of San Francisco may save San Francisco District's lab.

Indian Line Renews West Coast Service

The Shipping Corp. of India resumed its service to San Francisco with the arrival October 20th of the *M.V. Bhavabhuti*. With a second ship, the *M.V. Bharatendu*, SCI now offers monthly service to San Francisco and the Pacific Coast from India, Singapore, Taiwan and Korea.

While SCI has called San Francisco since 1973, the company began shifting away from its Pacific Coast service two years ago. A cargo and service realignment brings the Indian shipping line back to San Francisco.

Greeting the ship at San Francisco Container Terminal – North was the Commercial Consul of the Consulate General of India in San Francisco, Norton, Lilly International, Inc., agent for the shipping line and California Stevedore and Ballast Company, operator of North Terminal.

Full container vessels are currently under construction in Korea and are expected to be introduced into the service sometime in 1987.

(from left) David Elder, Norton Lilly International; B. Ghosh, Commercial Consul, Consultate General of India; Captain Michael Dowie; Eric Nilsson, Norton Lilly International; Chief Officer S.M. Bharatan; Chief Engineer N. Venkatesan, and Ian Back, California Stevedore and Ballast Co.

COSCO Adds Containership, Increases Frequency

China Ocean Shipping Company (COSCO) introduced its new container ship, the *M.V. Song He*, to San Francisco, October 16. While the 1699-TEU *Song He* will not be a "regular" in COSCO's transpacific service, the ship established the line's newly increased frequency rate calling at San Francisco every 10 days.

In January, the *M.V. Chao He* will take over from the *Song He*.

COSCO now has five ships in its transpacific service—three roll-on/roll-off vessels and two fully cellular containerships.

Increased frequency is necessary if COSCO is going to compete in the highly competitive transpacific trade, according to Eric Nilsson, Norton Lilly international agent for COSCO.

COSCO's roll-on/roll-off ships have been calling San Francisco since 1981 when trade between the PRC and the U.S. West Coast was first established. The second containership, the *Sin Cheng*, began service in April 1985.

Captain Xu Zhong-Yuan and Eric Nilsson, Norton, Lilly International, on the bridge deck of the *M.V. Song He*.

State Export Loan Program Boosts Sales

To help promote California exports, last January the State set up a guaranteed loan program administered through the Export Finance Office of the State's World Trade Commission.

In operation less than a year, the program has been highly successful. The Export Finance Office has already helped support over $17 million in export sales which might otherwise not have materialized, according to Jerry Luftman, EFO regional manager for Northern California.

The program is designed to help exporters qualify for financing from a Federal or California financial institution.

Exporters of California goods, services and agricultural products can obtain loan guarantees for up to 85 percent of a loan to a maximum amount of $350,000 for any one California export transaction.

Requests for further information can be sent to the Port to the attention of Jerry Luftman, regional manager for Northern California, Export Finance Office.

Nedlloyd Expands Pacific Service

Nedlloyd expanded its Pacific service in September, with the addition of a ship, the *M.V. Nedlloyd Kyoto*, and of a new port-of-call, Papeete, Tahiti.

A 17,000+ dwt, 532-foot long multipurpose vessel, the Kyoto joins its "5" sisters—Kyoto, Kembla and Kingston in the service to Australia and Africa and now Papeete on every other ship call.

The Nedlloyd Pacific service calls San Francisco on an average of every 32 days and offers the only direct service to Fremantle, Australia.

Fisherman's Wharf Breakwater is Dedicated

The much-hoped-long-awaited and freshly completed Fisherman's Wharf Breakwater was officially dedicated October 31 at a ceremony aboard the historic ferry boat *Phoenix* moored at Hyde Street Pier. At the same time, the U.S. Army Corps of Engineers turned over the breakwater to the Port of San Francisco—two months ahead of schedule and $2.75 million under estimate.

With the completion of the breakwater, the Port can now move ahead with implementing the Fisherman's Wharf Action Plan. Hyde Street Pier is to be developed into a centralized facility devoted to the commercial fishing industry, while the Pier 45 development will include a hotel and open space for public access. Additional berths for fishing boats are also to be constructed.

The 1,500-foot main breakwater is a solid structure that extends from near the end of Municipal Pier to just behind Pier 45. It is not attached to anything. Two smaller, segmented breakwaters are attached to the end and to the west side of Pier 45. The design and placement of the breakwaters were arrived at following a series of tests on various design models at the Corps Waterway Experiment Station in Vicksburg, Mississippi and their Hydrologic Engineering Center in Davis, California. The three breakwaters work together to protect San Francisco's fishing fleet at Fisherman's Wharf and the collection of historic ships of the National Maritime Museum moored at the Hyde Street Pier from wave action while maintaining water quality.

Pacific waves surging through the Golden Gate, as well as wave action from storms generated within the Bay, had been causing extensive damage to boats and mooring docks. Many fishing boats left to seek safer harbors within the Bay and outside.

For over twenty years, local leaders sought federal assistance to build a breakwater. Finally, in 1983, Congress authorized the project by passing legislation that funded its construction through a cost-sharing agreement between the U.S. Army Corps of Engineers and the Port of San Francisco.

The breakwater was the only water project funded by Congress in 1983—a success attributed to both U.S. Representative Sala Burton and U.S. Senator Pete Wilson.

Congresswoman Burton, who took over the work and dream of her late husband, Congressman Phillip Burton, pushed the necessary legislation through the Congress. Senator Wilson got the legislation through the Senate as an emergency measure in the final hours of 1983.

Both Congresswoman Burton and Senator Wilson were honored guests at the dedication ceremony.

The fireboat *Phoenix* paid a watery salute and the Sixth Army Band played "Eternal Father Strong to Save," as Mayor Dianne Feinstein dedicated the breakwater to the people of San Francisco, especially those "who man the fishing fleet." A special tribute was paid to the memory of those fishermen lost at sea, with particular reference to the three fishermen of the *Jack Jr.*, a fishing trawler that sunk following an accident last May.

Others participating in the ceremony were California Senator Milton Marks; Robert Eiland, representing Assistant Secretary of the Army Robert K. Dawson; Brigadier General Patrick Kelly, Commander of the Corps, South Pacific Division, Eugene L. Gartland, executive director, Port of San Francisco, Chris Martin, president, Fish-

Congresswoman Sala Burton addresses dignitaries and guests at the Fisherman's Wharf breakwater dedication

erman's Wharf Association, and Lieutenant Commander Andrew M. Perkins, Jr., San Francisco District Engineer, U.S. Army Corps of Engineers.

Also taking part in the dedication were representatives of Reidel International from Portland, Oregon, whose company built the structures

The Fishermans Wharf breakwater (left) curves within Municipal Pier to protect the historic boats at Hyde Street Pier as well as the fishing fleet

Ultra Luxury Liner Visits San Francisco

Cunard's *Sea Goddess* made its maiden call in San Francisco September 17, boarding passengers for a cruise to Acapulco and giving travel industry pundits ample evidence to come aboard the ex-cruiser cruise ship.

Launched in 1984, *Sea Goddess I* (*Sea Goddess II* is a sister ship) was launched in 1985 as a sleek 340-foot luxury motor yacht of Norwegian registry. It has a 47-foot beam and a 14-foot draft. Because of its size, the *Sea Goddess* can slip into harbors and ports often inaccessible to larger cruise ships.

With 58 suites for double occupancy, the ship carries a maximum of 116 passengers and has a crew of 80.

Cunard Sea Goddess Cruises makes no bones about who it is catering to — affluent individuals who have achieved an "ideal lifestyle, but still need to get away from the routine pressures of job and home."

According to Ron Kurtz of Cunard Sea Goddess, who was aboard the ship on its San Francisco visit, *Sea Goddess* has made every effort to re-create the style, comfort and luxuries at sea that these individuals are used to, without compromise.

Each suite has a bedroom, separate sitting area and full bath and is equipped with a VCR, a well-stocked refrigerator and bar (complimentary), a safe and a telephone for worldwide dialing.

On-board facilities include an outdoor cafe, casino, nightclub and card room, library with plenty of video cassettes to borrow. There is an outdoor pool with hot tub, gymnasium and sauna.

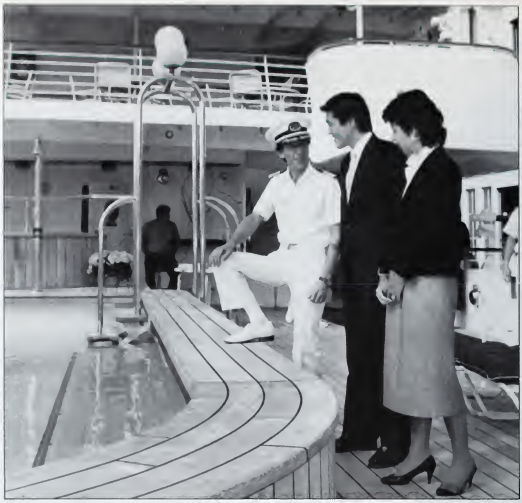
A special feature of the ship is a unique sport deck with a platform used for water skiing, windsurfing and swimming off the stern of the ship.

Central to *Sea Goddess's* ambiance is an unstructured and unregimented lifestyle. Passengers arrive in the restaurant when they wish, sit where they wish and stay as long as they wish. In addition, there is 24-hour room service where you could order champagne and caviar at three o'clock in the morning. All included in the price of the cruise.

And what is the price of a cruise?

"It averages around $600 per person per day, double occupancy," said Captain Kjell Aasvik, "but remember that includes almost everything—room service, liquor, most wines, and there are no port charges and no gratuities."

Bon voyage!



Captain Kjell Aasvik shows Port Commissioner William H.C. Chang and Martha Seijas-Schwartz, market research specialist, Port of San Francisco, some of the features of the *Sea Goddess I*. The ship cost $34 million to build

Hydraulic Gangway to Passenger Terminal

Holland America's *New Amsterdam* became the first ship to use the new gangway at the Pier 35 Passenger Terminal when the cruise ship called in mid-October on the first leg of a cruise through the Panama Canal.

The gangway, designed and built by California Stevedore and Ballast Company, operator of the terminal, "smooths" the movement of passengers and visitors between terminal and ship.

"The configuration of the cruise ships that call here varies and access to each vessel is different," explained Ron Lord, cruise terminal superintendent for C.S. & B. "This gangway adjusts to accommodate each ship."

Resembling somewhat the airport "jetway" that takes passengers from aircraft to air terminal, the covered gangway telescopes and can be raised or lowered by hydraulic controls.

The gangway can be used either alone or in conjunction with the standard gangways to speed up passenger flow.

Filming Great White Sharks

An exotic "sail boat" that uses aluminum cylinders instead of canvas sheets for sails, spent a week in San Francisco docked at Pier 41 and Pier 30-32.

The turbosail ship is the newest research vessel of Jacques Cousteau and was here to film great white sharks in their breeding grounds around the Farallon Islands off the Golden Gate. The film is to be used in an upcoming Cousteau television special on West Coast sea life.

Named *Alcyone* or *Daughter of the Wind*, the 103-foot-long experimental ship is propelled by two 33-foot-tall cylindrical "wings" that rotate to catch the wind and provide thrust. Designers of the system say that compared to the thrust coefficients of the best sails ever built (including those used on the America's Cup yachts), the turbosail is three or four times superior.

The sails are used either alone or with the ship's diesel engines. Either way, the main benefit is fuel economy.

The turbosail principle can be used to supply supplementary wind propulsion on even much larger ships. According to designers' specifications, a 245,000 dwt vessel would probably be equipped with four large turbosails.

Bringing Tea from China

Looking like a fugitive from another century, the two-masted topsail ketch, *Edna*, blew into San Francisco Bay under full sail bringing with her the romance of commercial sailing ships . . . and a shipment of tea from China.

Built in Holland in 1916, the 130-foot sailing ship and its crew of six roam the world trading mostly in non-perishable cargoes, usually hardwoods.

This voyage was chartered by Stash Tea Company of Portland, Oregon to bring 10 tons of China tea first to Vancouver for an Expo promotion and then on to San Francisco where the tea for a Nieman-Marcus promotion was unloaded at Pier 30-32.

San Francisco's regular transpacific liner services need not worry about the competition. The sailing vessel's 8000-mile nonstop transpacific voyage from Shanghai took 43 days and cost $5,000 more than it would have by conventional containerships.

Runners were among the 110,000 people who visited the Navy ships over Fleet Week.

Fleet Week — 1986

According to a Navy count, 110,000 people visited the eleven ships of the Pacific Fleet docked at the Port of San Francisco piers during Fleet Week, October 11–16. Creating the most attention was the 1,046 aircraft carrier *USS Kitty Hawk*. Navy ships docked here included five frigates, three destroyers, a cruiser, a landing assault ship and a landing assault tanker.

Kicking off the 5-day celebration was the Parade of Ships that seemed to materialize out of the fog at the Golden Gate. The ships solemnly filed past the reviewing stand at Municipal Pier amid fly-bys of 40 vintage planes and demonstrations of parachute jumping and small boat rescues.

Only the Blue Angels, the Navy's famous Precision Flight Demonstration Squadron, took notice of the gray, gloomy overcast day and because of low visibility (for them) postponed their tight formation flying and low-level maneuvers until the next day.

Special parties, banquets, balls and receptions for military personnel filled the remainder of Fleet Week, and thousands of the "white hats" checked out San Francisco's reputation as a great liberty town.

San Francisco's Fleet Week actually started in 1906, but it was discontinued in 1939 with the outbreak of World War II. Six years ago it was revived and the October date set to coincide with the Navy's birthday—the 211th, this year.

Jeff Shaver breaks tape at finish line.

Meigan McGee is awarded trophy for top woman runner by Port Executive Director Eugene L. Gartland.

Civilian Runners Meet Challenge

The 1986 edition of the Fleet Week Challenge Run, sponsored by Friends of the Port, and co-sponsored by Bud Lite, Continental Maritime and Pier 39, drew 7478 runners, 40% of whom were military.

It was a civilian, however, who won the race. Jeff Shaver of Sunnyvale completed the 5-mile waterfront course from Crissy Field at the Presidio to Pier 30-32 in just over 28 minutes. His team, Lockheed Aerospace, finished first in the team category.

Winning women runner was Meigan McGee of San Francisco.

Trophies were awarded to the top three men and top three women, with medals to the first 25 in each division.

Teams from the U.S. Army Sports Branch and California National Guard placed 2nd and 3rd, respectively. A good team from the Port of San Francisco came in fourth thanks to a few "secret weapons."

Following the race, the aircraft carrier *USS Kitty Hawk*, docked on the face of Pier 30-32, welcomed everyone aboard.

The Fleet Week Challenge Run became an event in the annual Fleet Week Celebration three years ago.

The Port team: Ivan Grays, Henry Gill, Commissioner William H.C. Chang, Executive Director Eugene L. Gartland, Pat Shaughnessey, John Whitney, Commissioner Anne W. Halstead and Curtis Aaron.

Eugene L. Gartland, executive director, was in the People's Republic of China in early November meeting in Beijing with the Deputy Minister of Commerce concerning China Ocean Shipping Company, the state-owned shipping line. COSCO has been calling San Francisco since 1981 and is increasing its service here. COSCO hopes to be able to negotiate its service to a weekly frequency to increase its competitive position in this trade route.

Ronald L. Stone, Director, Maritime Affairs, headed a delegation to the Shanghai-Osaka-San Francisco sister port conference held this year in Shanghai, October 29 to November 3.

This was the third bi-annual meeting of the three sister ports, and the first international conference Shanghai has ever hosted.

The Ports of Le Havre (France) and Melbourne (Australia), sister ports of Shanghai and Osaka, also participated making it a five port conference.

Subjects established for discussion at the conference were: the relationship between port development and city development; intermodal transportation systems; projections of shipping volume and strategy for port development in the 21st century; and, the application of computerization in port management.

Because of the scope of these topics the Port of San Francisco chose to include three delegates from outside the Port, but vitally concerned with these subjects as they affect the Port of San Francisco. Delegates were Robert Hanelt, manager of Maritime, Manalytics Corporation; Michael Lai, vice president and deputy representative, Hibernia Bank; and Alan R. Pendleton, executive director, San Francisco Bay Conservation and Development Commission.

The inclusion of non-port delegates provided new insights and different viewpoints to issues affecting the ports. This idea of a delegation "mix" will undoubtedly be considered for other port meetings and seminars including the next Shanghai-Osaka-San Francisco conference scheduled to be held in San Francisco in 1988.

Our sister port relationships, in addition to the exchange of ideas have proven to be much more than ceremonial. We have seen improved direct cargo flow between our ports. The China Ocean Shipping Company service that calls San Francisco is operated by Shanghai COSCO divisions. The establishment of the Shanghai and Guangdong trade agencies headquartered in the Ferry Building has grown out of our close relationship with Shanghai.

All of the delegations agreed that these small group meetings targeted to specific purposes were more productive than the large meetings with general fixed agendas and allowed delegates to develop and discuss issues of mutual concern.

Port of San Francisco delegation: Ronald L. Stone, Port of San Francisco; Alan R. Pendleton, San Francisco Bay Conservation and Development Commission; Michael Lai, Hibernia Bank; and Robert Hanelt, Manalytics Corporation.

Leading the delegations are (seated) Michael Perry, Port of Melbourne; Shima Tsuneo, Port of Osaka; Yan Runtian, Port of Shanghai; Ronald L. Stone, Port of San Francisco, and Raoul Duval, Port of Le Havre. Their delegations are standing.

This time Sales Manager **Terry S. Hamid** was on the receiving end of a plaque presentation. Since joining the Port two and one-half years ago, Hamid has had the responsibility of presenting welcoming plaques to many ships on their maiden calls to San Francisco. But the tables were turned October 30 when the International Trade Council of the San Francisco Chamber of Commerce honored Hamid by presenting him with their achievement award "for outstanding work in the field of international trade." Hamid's background covers almost every aspect of the industry. He has worked as a registered officer aboard passenger ships and held various positions with shipping lines and steamship agencies.

Terry S. Hamid

John Neudecker, manager of Trade Development, represented the Port at the Western Cotton Shippers Association convention in Fresno September 11–12; WESCCON '86 at Lake Tahoe October 15–19; and the annual meeting of the California Association of Port Authorities (CAPA) at Westlake Village October 29–30.

WESCCON, sponsored by the Pacific Coast Council of Custom Brokers and Freight Forwarders Association, selected "Changes and Challenges" as this year's topic. Two major issues discussed were the need for uniformity among customs districts and improving communications with customs officials.

Stephanie T. Cincotta, public affairs representative, attended the American Association of Port Authorities' annual convention held in Miami, where she picked up the award of merit won by the Port for its color ad (Intermodal Gateway to America) and picked up some tips on hosting an AAPA convention. The Port of San Francisco is scheduled to host the 1988 convention.

Randy Rossi, Port planning specialist, represented the Port at two recent conferences concerning waterfront planning and regulation. In September, he attended the fourth annual "Urban Waterfronts" Conference in Washington, D.C. Sponsored by the non-profit Waterfront Center, the conference brings together ports, public agencies and private developers involved with major waterfront projects to discuss issues of design, use and public policy for urban waterfronts. In November, Rossi attended the "Bay Decisionmakers" Conference in San Francisco that was sponsored by the Bay Planning Coalition, an association of ports and private developers involved with developing waterfront land around San Francisco Bay.

Henry Williams, assistant rental manager, Property Department, credits John Ciddio, manager of the small boat yard at Pier 66, with saving his life. Williams was fishing recently from a "bull ramp" at the end of the pier when he tripped and fell into the water landing in a position from which he couldn't recover. Ciddio jumped in and pulled him ashore. This is not Ciddio's first rescue. Last year he rescued a man in a kayak whose boat flipped over in the wake of a tug boat.

Port Staff celebrated Halloween with a few tricks and lots of treats at the luncheon potluck.

Anonymous Staffers

S.V. Balclutha

Coming Home

Assisted by tugs, the *S.V. Balclutha*, a steel-hulled, square-rigged vessel built in 1886, and one of the National Maritime Museum's collection of historic ships, glides past the equally historic Ferry Building on its way back to its permanent berth at Pier 43 following a seven-month renovation. The 100th anniversary of the *Balclutha*'s launching in Scotland was celebrated December 9.

K.R.I. Dewa Ruci

Training Indonesian Cadets

Following an appearance at Expo '86 in Vancouver, the Indonesian training barkentine, *K.R.I. Dewa Ruci*, docked at San Francisco's Pier 45 for a 3-day visit. The 191-foot sailing ship also participated in the Statue of Liberty celebration July 4.

Built in West Germany in 1952, the three-masted, 847-ton tall ship is used as a training vessel for the Indonesian Naval Academy.

The ship carries 16 sails, an operating crew of 70 officers and sailors, and up to 70 cadets. Most of the running-rigging is hand-operated.

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Wharfside is published bi-monthly by the Port of San Francisco

Editor: Nancy F. Pitt
Design: Williams & Ziller Design
Photographs: Continental Maritime, pgs 4 & 5;
Port of Shanghai, pg 18;
Elliott Varner Smith, pg 15;
Will Tait, pg 19;
Air News Photo, all others.

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THE PORT OF SAN FRANCISCO

Wharfside

January/February 1987

Projects in Progress

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PROJECTS IN

Intermodal Container Transfer Facility (ICTF)

San Francisco's first-of-a-kind Phase I Intermodal Container Transfer Facility was dedicated in November and immediately christened with a 160-container outbound intermodal move of Evergreen Line cargo.

Finishing touches to the facility—lighting for nighttime operations and landscaping on the boundary of Cargo Way—have been completed.

The on-dock facility has two loading-unloading tracks with a capacity of 42 standard intermodal railcars or 15 double-stack cars and a throughput capability of 105 railcars per eight-hour shift.

Besides reducing drayage costs, chassis costs and administrative costs, maximum weight ISO containers can be handled since the on-dock site eliminates travel over city streets. On the initial Evergreen movement, trains were released within twelve hours after vessel discharge, further decreasing transit times to inland points.

San Francisco Container Terminals

A new supplemental Environmental Impact Report (EIR), certified by the Planning Commission on December 18, clears the way for dredging near San Francisco Container Terminals. The Port proposes to dredge two new channels and a third area adjacent to an existing channel. Dredging will increase the depth to a maximum of -42 feet MLLW, improving both the access of deep-draft vessels to the San Francisco Container Terminal and ship maneuverability and navigational safety under all tidal conditions. Because the shipping lines using the container terminals are bringing in deeper-draft vessels, this dredging is of top priority. Contract for the work has gone out for bid. The work will take approximately 12 weeks.

An improved terminal identification system will be installed in June as part of a city-street marking system. Terminal access routes along Third Street and on the freeways will be more clearly identified. Signs will be placed over the entry to South Terminal (similar to the one already installed at North Terminal) to improve terminal access and traffic flow in and out of the facility.

"Port of San Francisco"—the words—was installed on all cranes at both North and South Terminals last fall, making the red and white identification easy to see from the freeway and surrounding area.

Entrance to newly completed ICTF from South Terminal. Gate entrance area (upper right) is now undergoing major expansion.

South Terminal

A new master plan for South Terminal, under design by Vickerman Zachery Miller, is over 90% completed. The plan allows for a terminal operation by port packer, transtainer or chassis. Design work for placing all utilities underground, a necessity for any of the three types of terminal operations, is in progress and a work contract should go out to bid in April.

PROGRESS

Entry to the terminal has been going through modifications since last August. A sudden growth last summer in container cargo moving through South Terminal caused some delays in truck processing. Immediate measures were taken to alleviate some of the congestion and bring relief to drivers. Three new lanes were added and processing procedure modified. Subsequently, all lanes were spread out and a new terminal circulation pattern was established. But these have been temporary measures until construction of permanent gate improvements could be completed. This construction, awarded to Verrett Construction Company, began in February. The resulting number of lanes, 10 entry lanes and four exit lanes, is double what was available originally. Coupled with this construction is a redesigned operating procedure to substantially increase terminal efficiency.

North Terminal

A development program for North Terminal was initiated last year that would completely modernize the facility and increase its ability to handle the bigger, deeper-draft ships. The project consists of removing some transit sheds, improving the truck entrance gate, installing new cranes, dredging deep berths and better access channels, releveling and paving the container yard and installing an improved fender system.

Most of the items that improve container handling efficiency and contribute to the marketability of the facility have been done. The truck entry gate has been improved, upgraded and computerized. Two transit sheds at the B and C berths have been removed and lighting and electrical work on the new container yard area, gained from their removal, has been completed. The B berths have been deepened to 40 feet and the dredging of 42-foot-deep access channels will start March 2.

Construction of two maritime buildings at the B and C berths providing a lunchroom, recreation area, and bathroom facilities for longshoremen, will start shortly.

South Beach Harbor

South Beach Harbor, part of the Rincon Point-South Beach Redevelopment Project south of Pier 38, was opened in November. The marina offers 680 boat slips ranging in size from 26' to 50', plus a few extra-large slips. Approximately 45% of the berths have been rented. South Beach Harbor is being developed in three phases. Clearing the piers, dredging, building the breakwater, and constructing the berthing system have been completed. Only parking and public access remain to be completed in Phase I, which should be by summer. Phase II consists of improvements to Pier 40 and the construction of harbor support, including a small service center. This will get underway this summer. The final phase, a 6.5-acre public park between Pier 50 and China Basin, will be built following completion of Phase II.

Questions on the marina should be directed to the Harbor Master, Carter Strauch, 495-4911.

Pier 7

Used as an interim parking lot since 1973, Pier 7 will be rebuilt as a public fishing and recreation pier equipped with fish-cleaning tables and bench seating. At 845 feet, this pier will be the longest on the waterfront and offer spectacular views of Yerba Buena and Treasure Island, the Bay Bridge and activity in the shipping lanes offshore. Working drawings for the pier were prepared by ROMA Design Group and with funds now in place, the construction contract will soon go out for bid.

The project is being built in partnership with the City's Recreation and Parks Department and the State Wildlife Conservation Board. Additional funding has been granted by the California State Coastal Conservancy on a matching-funds basis. This is the first time that the Coastal Conservancy has funded a project in San Francisco.

Also partially funded by the Coastal Convervancy is the preparation of a design concept for the Pier 7 entry plaza between the pier itself and the Embarcadero roadway and stretching along the Embarcadero from the Pier 5 bulkhead building to the Waterfront Restaurant. The plaza design is expected to be a prototype for the development of plazas between other bulkhead buildings along the northern waterfront.

Site preparation and pier construction could begin by the end of 1987.

Passenger Terminal – Pier 35

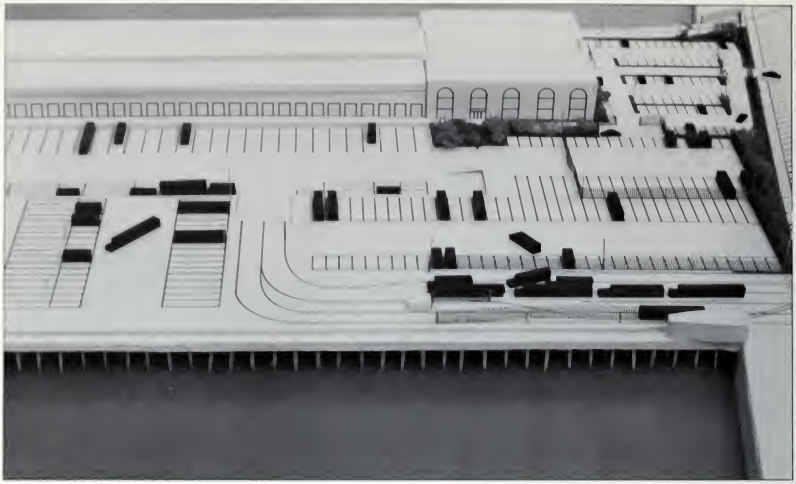
Adequate terminal facilities to accommodate passengers and cruise ships has been under study.

In fiscal year 1985–86, 112,801 passengers embarked or disembarked in San Francisco on one of the 70 cruise ships that called here. Two ships were docked at the terminal at the same time on 15 separate occasions.

The passenger terminal is located at Pier 35, a traditional finger pier on the northern waterfront. In 1981 improvements were made to the passenger and visitor area of the Pier 35 terminal. The introduction of larger-capacity ships and the continued increases in passenger numbers now require further improvements be made to insure a free-moving circulation pattern within the terminal.

A key attraction of the passenger terminal is its location adjacent to Pier 39 and Fisherman's Wharf. Passengers contribute significantly to the economy of these nearby facilities as well as to the economy of the City as a whole. Based on preliminary figures from a recent passenger survey, it is estimated that passengers alone spend $20,000,000 annually in San Francisco before or after a cruise. Add to this the expenditures for goods and services supplied to the ship in port, and the impact can run as high as $70 million per year.

The project is moving ahead. At its January 28 meeting, the Port Commission established Commission policy reiterating its commitment to the cruise business and confirming its findings that terminal modernization and or expansion is desirable.



Model of Pier 30/32 rehabilitation

The Port staff was instructed to proceed with the recommendations to achieve modernization of the passenger terminal.

Pier 30/32

Jefferson Associates Incorporated has completed the conceptual design of the rehabilitation of Pier 30/32 with final drawings due in May. The project is to replace the facility destroyed by fire in May 1984, with adjustments for current cargo-handling needs.

A 122,000 square-foot warehouse/container freight station/office building has been designed to accommodate important San Francisco commodities such as coffee and cocoa beans, or spices and tea, and would become a central distribution center for these commodities.

Both U.S. Customs and the U.S. Food and Drug Administration have been approached to house their inspection facilities laboratory, required warehousing, and office support in this building. The Port Commission has authorized staff to proceed with negotiations to relocate FDA in the new Pier 30/32 facility in order to keep the FDA laboratory work in California and the Bay Area.

The Pier 30/32 rehabilitation will also include container-on-chassis storage, container storage, 34 loading-dock truck stalls, and 58 bays. Rail access will be maintained on both south and north pier aprons with vehicular circulation around the entire perimeter of the pier. Three berths will be available for cargo vessels, idle ship berthings and ceremonial purposes.

As part of the Pier 30/32 rehabilitation, a 22,266 square-foot public-access area has been designed by the Port Engineering Department that will extend across the front of the project, adjacent to the Embarcadero. The public access here will consist of a broad sidewalk area along the frontage of the pier area and a waterfront plaza on the apron between Pier 32 and 34. Heavy timber bench seating, a drinking fountain, trash receptacles and street trees will be added. The historic Embarcadero light poles and fixtures will remain. The sidewalk will connect to the South Beach Harbor to the south .... and will connect eventually to an Embarcadero promenade to be built to the north.

Completion of the Pier 30/32 rehabilitation is now scheduled for August 1988.

Pier 45/Hyde Street Pier Joint Project

Four proposals for the mixed-use development of Pier 45 were received by the January deadline and are now under review.

In requesting proposals, the Port asked that the development include a 350 to 500-room hotel, a 40,000 square-foot festival hall with 10,000 square feet of associated outside space available for community events for one-half of the year and a 15,000 square-foot open-space plaza adjoining the Pier entrance at the foot of Taylor Street. Public access will extend around the perimeter of the Pier. In addition, the proposals could include up to 50,000 square feet of office space and a limited amount of hotel-related commercial space. The developers are required to reserve a 60,000 square-foot site for a separately planned institutional use (probably a marine fisheries institute).

The four developers and their hotel management affiliates are: Torrey Enterprises, Inc., La Jolla/Radisson Hotel Group; Embarcadero Investment Corporation, San Francisco/Hyatt Hotels; Melvin Simon & Associates, Inc., Los Angeles/Embassy Suites; and Arcon, Inc., San Francisco and VMS Inc., Chicago, a joint venture/Westin Hotels.

During February, the developers are making presentations to Port staff, City and state agencies, the project advisory committee, press, the general public and the Port Commission.

Key to the project is a minimum lump-sum rent pre-payment by the developer of $5.2 million to be used to help finance new commercial fishing facilities including a new Hyde Street Pier. The Pier 45 and Hyde Street Pier developments are interdependent and will be reviewed and issued permits as a joint project.

Hyde Street Pier will be developed into a

With the completion of breakwater (in foreground), plans and proposals for the development of Pier 45 (left) and Hyde Street Pier (right) are underway

centralized facility devoted to the fishing industry. The project will include off-loading facilities, fish handling and cold storage buildings, fuel dock, ice house, new berthing, fishermen's work areas, gear storage and other industry needs. A study prepared by consultant Carol M. Brown on the requirements of the fishing industry was endorsed by the Port Commission last August and will form the basis for further planning.

A contract with a team of design consultants was approved by the Commission this January to prepare a conceptual facilities and location plan and a financial analysis for Hyde Street Pier, related berthing and potential lease of portions of Fish Alley. The plan will be delivered in May, in time to join with the hotel project. The environmental review is expected to be started in June and the permit process will follow.

January 1989 is the earliest that construction could begin.

Fisherman's Wharf

Construction of the breakwater was completed by the United States Army Corps of Engineers last October (two months ahead of schedule) and dedicated in a civic ceremony alongside the main breakbulk structure.

Installation of lighting throughout the lagoons and power receptacles to boat berths continues.

Pier 39 Aquarium

Groundbreaking for "Underwater World at Pier 39"—called an aquarium without walls—is scheduled to take place early this summer.

A new concept in showcasing marine life, "Underwater World" will offer visitors a dry journey under the sea. The aquarium itself will be a 1.3 million gallon tank containing 2,000 fish indigenous to Northern California and San Francisco Bay waters, including sharks, rays and sea turtles. Visitors travel through the tank on a moving footpath inside a transparent, seamless, acrylic, closed-loop tunnel, but can step onto a parallel stationary platform anywhere along the way. One trip around the 8-shaped loop will take 15 minutes.

The design of the aquarium is patterned after Kelly Tarlton's "Underwater World" in Auckland, New Zealand.

"Underwater World at Pier 39" will be built on site, overlooking the Marina between Pier 39 and Pier 35, as a joint venture of Pier 39 Limited Partnership, Economics Research Associates of San Francisco and Questar Corporation of New Zealand.

Completion of the $7–$8 million project is set for summer/fall 1988.

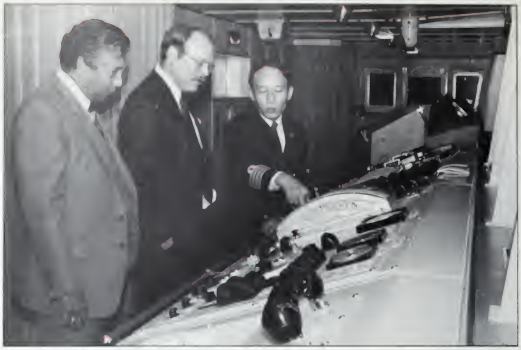
If It's Monday... It's Japan/Korea But If It's Friday... It's Taiwan/Hong Kong

The revised scheduling of the Evergreen Line/Japan Line transpacific services, established a weekly same day of the week schedule for the two services that call San Francisco. (A third service to the Pacific Northwest is on a ten day frequency.) The service to Japan and Korea now calls San Francisco every Monday (see Japan Line article).

The service to Taiwan and Hong Kong calls San Francisco every Friday and uses two G and four GL containerships (2738 and 2940 TEU capacity).

The realignment gives more direct service in fewer days to Asian destinations.

Refrigerated cargo service is available now on all ships in the Japan/Korea service and will be available on the G and GL ships in the Taiwan/Hong Kong service by March.



Captain Wuu Yeun-liang shows the Port's Terry Hamid (left) and John Neudecker around the bridge of the *M.V. Ever Given* during the ship's initial call to San Francisco. The *Ever Given* is the fourth 2940-TEU-capacity ship to enter service here

M.S. Tequila Sunshine

Canadian Tropic Line Begins Canada/U.S./Mexico/Central America Service

A newly formed line, Canadian Tropic Line S.A., began calling San Francisco January 14 with the arrival of the *M.S. Tequila Sunshine*, a multi-purpose 4000-ton DWT bulk carrier. The *Tequila Sunshine* and a second ship, *Freeway Runner*, will call West Coast ports from British Columbia to Panama in a twice-monthly service. United Steamship Agency, Inc., is the U.S. agent for the service.

The *Tequila Sunshine* discharged cocoa, lumber and resin.

Built in Germany three years ago, the *Tequila Sunshine* can carry up to 256 TEUs of both dry and refrigerated containers, bulk, breakbulk and heavy-lift cargoes. The ship features twin 30-ton, side-mounted cranes, combinable to a full 60 tons. Special removable tween-decks provide maximum flexibility.

The line will call North Container Terminal operated by California Stevedore and Ballast Company. United Steamship Agency is agent for the line.

PORT COMMISSION
CITY AND COUNTY
OF SAN FRANCISCO
Port of San Francisco

FINANCIAL STATEMENTS AND ACCOUNTANTS' REPORT

JUNE 30, 1986 AND 1985

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ACCOUNTANTS' REPORT

THE HONORABLE JOHN C. FARRELL, CONTROLLER, CITY AND COUNTY OF SAN FRANCISCO

We have examined the balance sheet of the PORT COMMISSION, CITY AND COUNTY OF SAN FRANCISCO, PORT OF SAN FRANCISCO ("Port") as of June 30, 1986 and the related statements of income and retained earnings and changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances. The 1985 financial statements of the Port were examined by other auditors whose report dated October 2, 1985 expressed an unqualified opinion on those statements.

In our opinion, the 1986 financial statements referred to above present fairly the financial position of the Port as of June 30, 1986, and the results of its operations and the changes in its financial position for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Hood and Strong

Morris, Davis & Company

September 26, 1986

PORT of SAN FRANCISCO

BALANCE SHEET
AS OF JUNE 30, 1986 AND 1985
(In thousands)

ASSETS

	1986	1985
CURRENT ASSETS		
Cash, principally in City Treasury – Port operating fund	$ 21,061	$ 20,112
Accounts receivable (less allowance for doubtful accounts: 1986, $1,554 1985, $1,733)	2,348	2,761
Accrued interest receivable	1,651	1,736
Materials and supplies	911	580
Prepaid insurance and other assets	1,527	849
Total Current Assets	27,498	26,038
RESTRICTED ASSETS:		
Cash and short-term investments:		
Capital outlay	35,728	36,570
Bond interest and redemption	11,072	8,021
Lessee deposits held in trust	885	873
Total Restricted Assets	47,685	45,464
PROPERTY, PLANT, AND EQUIPMENT – Net	171,712	171,111
LONG-TERM RECEIVABLE	315	
TOTAL	$247,210	$242,613

LIABILITIES AND EQUITY

CURRENT LIABILITIES		
Accounts payable and accrued liabilities	$ 7,828	$ 7,588
Current maturities of bonded debt	3,520	3,520
Accrued bond interest payable	273	214
Total Current Liabilities	11,621	11,322
PAYABLE FROM RESTRICTED ASSETS		
Accrued bond interest payable	2,588	
Lessee deposits	885	873
	3,473	873
DEFERRED RENTALS	9,283	9,769
BONDED DEBT – Less current maturities	88,765	91,632
Total Liabilities	113,142	113,596
EQUITY:		
Contributed capital	15,208	15,208
Revaluation of property	56,063	56,063
Retained earnings	62,797	57,746
Total Equity	134,068	129,017
TOTAL	$247,210	$242,613

The accompanying notes are an integral part of this statement.

STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE YEARS ENDED JUNE 30, 1986 AND 1985
(In thousands)

	1986	1985
OPERATING REVENUES:		
Property rentals – commercial	$ 14,692	$ 14,458
Property rentals – maritime	4,803	4,879
Wharfage, dockage, and demurrage	6,335	7,789
Commercial power	1,145	1,207
Other	2,436	789
Total Operating Revenues	29,411	29,121
OPERATING EXPENSES:		
Operations	9,950	7,555
Maintenance	9,592	10,296
Depreciation	3,631	3,824
Commercial power	924	965
Fire boat operations	927	1,013
Total Operating Expenses	24,664	23,653
Operating Income	4,747	5,468
INTEREST INCOME	3,193	3,365
INTEREST EXPENSE	(2,889)	(3,002)
NET INCOME	5,051	5,831
RETAINED EARNINGS – Beginning of year	57,746	51,915
RETAINED EARNINGS – End of year	$62,797	$57,746

The accompanying notes are an integral part of this statement.

STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEARS ENDED JUNE 30, 1986 AND 1985
(In thousands)

	1986	1985
SOURCES OF FUNDS		
Operations:		
Net income	$5,051	$ 5,831
Expenses not using working capital – depreciation and amortization	3,734	3,884
Revenue not providing working capital:		
Fire insurance proceeds	(1,776)	
Recognition of deferred revenue	(486)	(494)
Total From Operations	6,523	9,221
Net proceeds of bond issuance		40,587
Increase in liabilities payable from restricted assets	2,600	265
Total	9,123	50,073
USES OF FUNDS:		
Increase in restricted assets	445	39,347
Acquisition of property, plant, and equipment	4,232	5,046
Reduction of noncurrent bonded debt	2,970	3,520
Additional long-term receivable	315	
Total	7,962	47,913
INCREASE IN WORKING CAPITAL	$1,161	$ 2,160
WORKING CAPITAL INCREASE (DECREASE) BY COMPONENT:		
Cash	$ 949	$ 3,322
Accounts receivable	(413)	(840)
Accrued interest receivable	(85)	1,238
Materials and supplies	331	(40)
Prepaid insurance and other assets	678	549
Accounts payable and accrued liabilities	(240)	(2,156)
Current maturities of bonded debt		(25)
Accrued bond interest payable	(59)	112
INCREASE IN WORKING CAPITAL	$1,161	$ 2,160

The accompanying notes are an integral part of this statement.

NOTE 1 — SIGNIFICANT ACCOUNTING POLICIES:

Organization

The Port of San Francisco ("Port") is an enterprise fund of the City and County of San Francisco ("City"). A five-member Port Commission is responsible for its operation, development, and maintenance. Commission members are appointed by the City's Mayor for terms of four years. The Port is an integral part of the City, and the accompanying financial statements are included as a component of the financial statements prepared by the City.

Prior to February 1969, the Port was owned by the State of California ("State") and administered by the San Francisco Port Authority, a State agency. In February 1969, the Port was transferred in trust to the City under the terms and conditions specified in the State statutes of 1968, Chapter 1333 ("Burton Act"), as amended, and ratified by the City's voters in November 1968.

Under the terms of the Burton Act, the State Legislature reserved the right to amend, modify, or revoke, in whole or in part, the transfer of lands in trust, provided that the State would then assume all lawful obligations related to such lands.

Lease Revenue

Lease revenue from the rental of building spaces, ground areas, and facilities is accounted for under the operating method. Under this method, lease revenue is earned as it becomes due and related expenses are recognized as incurred.

Materials and Supplies

Materials and supplies are used for construction and maintenance of Port facilities and are stated at cost (approximates first-in, first-out method).

Property, Plant and Equipment

Land transferred to the City in February 1969 is stated at an amount which includes an increase over historical cost of $56,063,000. This amount was recorded by the State in prior years to reflect appraised values in 1929. The Port's management estimates that the fair market value of such land significantly exceeded recorded amounts at the time of the transfer.

Land acquired after February 1969 and land improvements are stated at cost. Land improvements (principally pavement and railroad tracks) with a cost of approximately $18,000,000 are not depreciated because, in the opinion of management, the assets will be maintained to provide indefinite useful lives. Maintenance and repairs are expensed as incurred.

Interest paid on bond funds used for construction purposes, less interest earned on the temporary investment of the proceeds of such borrowings is capitalized from the date of borrowing through the construction period. Total interest cost was $7,020,000 and $5,194,000 for fiscal years 1986 and 1985 of which $4,131,000 and $2,192,000 was capitalized respectively. Total interest earned was $7,324,000 and $5,557,000 for fiscal years 1986 and 1985 of which $4,131,000 and $2,192,000 was capitalized respectively.

Other property, plant and equipment is stated at cost and depreciated using the straight-line method over the estimated useful lives of the assets.

NOTE 2 — INVESTMENTS OF RESTRICTED FUNDS:

The Port has invested restricted funds as of June 30, 1986 as follows:

	Cost	Fair Market Value
	In thousands	
Negotiable certificates of deposit	$ 7,755	$ 7,755
U.S. Agency Instruments	2,689	2,806
Certificates of Deposit	52	52
Cash Deposits–Trustees	576	576
	$11,072	$11,189

Each investment is short term with the exception of $958,000 of U.S. Agency Instruments which matures February 1, 1988. All other restricted funds are deposited and pooled by the City and County of San Francisco.

NOTE 3 — PROPERTY, PLANT, AND EQUIPMENT:

At June 30, 1986 and 1985, property, plant and equipment consisted of:

	1986	1985	Estimated Useful Life (Years)
	(In thousands)		
Land and land improvements	$115,756	$115,756	
Buildings, structures and related improvements	128,509	127,254	5-50
Equipment	4,369	4,066	5-40
Total	248,634	247,076	
Less depreciation and amortization	(81,245)	(77,669)	
Net	167,389	169,407	
Construction work in progress	4,323	1,704	
Total	$171,712	$171,111	

The cost of fully depreciated assets still in use was approximately $42,200,000 and $42,000,000 at June 30, 1986 and 1985 respectively.

During 1983, the Port acquired land, subject to a thirty-year tenant lease, on the condition that the Port not exercise its option to take possession of such property until termination of the lease. The $9,900,000 property value received has been included in land and deferred rentals. The deferred rentals related to this land, $8,730,000 and $9,060,000 at June 30, 1986 and 1985, are being recognized as rental revenue over the thirty-year lease term.

NOTE 4 — BONDED DEBT:

At June 30, 1986 and 1985, bonded debt consisted of:

	Interest Rate	Fiscal Year Last Series Matures	Balance 1986	Balance 1985
			(In thousands)	
General Obligation Bonds:				
State of California:				
Third Seawall 1913	4.0%	1989	$ 375	$ 510
Fifth Seawall 1958, Series B, F, G, and H	1.0-4.85	1999	13,710	15,345
City and County of San Francisco– Harbor Improvement 1971:				
Series A	4.5-6.0	2003	13,600	14,400
Series B	5.4-6.75	2005	7,600	8,000
Total General Obligation Bonds			35,285	38,255
Revenue Bonds:				
Series A 1969	7.0-8.5	2000	9,200	9,200
Series B 1971	5.25-6.75	2002	7,050	7,050
Series C 1984	9.5-11.5	2010	42,500	42,500
Total Revenue Bonds			58,750	58,750
Total Bonded Debt			94,035	97,005
Less:				
Current maturities			3,520	3,520
Unamortized discount– Revenue Bond Series C			1,750	1,853
Total Long-Term Bonded Debt			$88,765	$91,632

NOTE 4 — BONDED DEBT (Continued):

The bonds mature as follows:

Year Ending June 30: (In thousands)	State of California	City and County of San Francisco	Revenue Bonds	Total
1987	$ 1,770	$ 1,200	$ 550	$ 3,520
1988	1,770	1,200	665	3,635
1989	1,740	1,200	760	3,700
1990	1,635	1,200	880	3,715
1991	1,060	1,200	1,065	3,325
Thereafter	6,110	15,200	54,830	76,140
Total	$ 14,085	$21,200	$58,750	$94,035

The July 1, 1985 debt service payment on the revenue bonds was made as of June 30, 1985. The July 1, 1986 payment was made on that date.

In December 1984, the Port issued revenue bonds of $42,500,000 to finance various capital projects, primarily improvements at Pier 80 and the construction of an Intermodal Container Transfer Yard at Pier 96. The Series C revenue bonds are on a parity with all other revenue bonds issued by the Port.

The revenue bonds are collateralized by the net revenues of the Port, as defined by the bond resolution, are subordinated to the general obligation bonds of the State, and are on a parity with any future revenue bonds. The general obligation bonds issued by the City are subordinated to the revenue bonds and any future revenue bonds.

The revenue bonds require that the net revenues of the Port, as defined, be at least 1.3 times the debt service requirements of such bonds for the following twelve months. Certain bond resolutions require that the Port maintain funds for the purpose of accumulating assets which are restricted to interest and principal payments. Such resolutions prescribe the amounts to be accumulated and the types of securities in which the restricted assets may be invested.

Under the terms of the revenue bonds covenants, insurance proceeds may be used for reconstruction of the property or for construction of related property. If the proceeds are not used for those purposes, they must be applied to the redemption of bonds as provided in Article III, Port Commission Resolution Number 5231. At June 30, 1986 and 1985, restricted capital outlay funds included unexpended fire insurance proceeds of $2,702,000 and $926,000, respectively.

NOTE 5 — OPERATING REVENUES — PROPERTY RENTALS:

Certain of the Port's property rental agreements specify rental payments based on a percentage of tenant sales, subject to a minimum amount. Property rental revenues were comprised as follows:

	1986	1985
	(In thousands)	
Minimum rentals	$16,235	$16,232
Percentage rentals	3,260	3,104
	$19,495	$19,336

Minimum future rental income under noncancellable operating leases having terms in excess of one year are as follows:

Year ending June 30: (In thousands)	
1987	$ 8,379
1988	8,114
1989	7,710
1990	7,348
1991	7,218
Thereafter	195,135
Total	$233,904

Property subject to operating leases and property held for lease at June 30, 1986 consisted of:

Land and land improvements	$28,080
Buildings, structures, and related improvements (at cost, less accumulated depreciation of $47,097)	6,903
Total	$34,983

NOTE 6 — PENSION PLANS:

The City has a defined benefit retirement plan which is administered by the San Francisco City and County Employees' Retirement System ("City Retirement System"). The majority of full-time employees of the Port participate in this plan along with other employees of the City. Certain employees who commenced their employment at the Port prior to February 1969, participate in the State of California Public Employees' Retirement System ("PERS"). These plans provide death, disability and service retirement benefits. Benefits are based on average final compensation, years of service and limited required cost-of-living increases.

The pension plans are financed primarily by: (a) employer contributions which include contributions from the Port, (b) employee contributions; and (c) income from investments. Employer contribution rates are established by the City Retirement System and PERS, based on actuarial valuations which consider both unfunded past service costs and current costs and are designed to amortize past service costs through the year 2000. Contributions included in operating expenses were approximately $1,454,000 and $1,431,000 for fiscal 1986 and 1985, respectively. The plans' assets, liabilities, and benefits are not allocated to the Port.

The Port is obligated to annually contribute $169,000 until July 1, 1998 to the State PERS for settlement of an unfunded liability. As of June 30, 1986 the balance to be contributed totalled $2,027,000.

NOTE 7 — RELATED PARTY TRANSACTIONS:

The City performs certain administrative services such as cash disbursements and investment for all fund groups within the City. The Port is charged for these services based upon the City's indirect cost allocation plan. Other City departments, primarily the fire department and the City attorney's office, provide certain services which are charged directly to the Port. The cost of all of the services combined included as operating expenses in the statement of income was approximately $2,200,000 in 1986 and $1,755,000 in 1985.

NOTE 8 — PIER 30 AND PIER 32 FIRE:

In May 1984, a fire destroyed the buildings on Piers 30 and 32. The Port has claims with its insurance carriers and received $1,776,000 in 1986 and $250,000 in 1985 in proceeds. The Port is negotiating with the principal insurance carrier for a cash settlement based on the expected replacement value which significantly exceeds the carrying value of the destroyed facilities. As further discussed in Note 4, the insurance proceeds may be used for reconstruction of the buildings or for construction of related property. Proceeds not used for this purpose must be applied to the redemption of certain bonds.

NOTE 9 — COMMITMENTS AND CONTINGENT LIABILITIES:

The Port is presently planning various development projects which involve a commitment to expend significant capital funds. The Port had firm purchase commitments at June 30, 1986 for approximately $10,950,000 for construction, material and services. In addition the Port has entered into an agreement with a lessee, whereby the lessee will make a minimum of $10 million in capital improvements. The lessee will reduce its lease payments by the cost of the improvements over the remaining term of the lease (currently 27 years).

Under a management advisory contract signed in December 1973, the Port transferred its railroad operations to Port Railroad, Inc. for a period of twenty years. The contract is cancellable by Port Railroad, Inc. with nine months' written notice.

The Port is a defendant in various lawsuits; most deal with personal injury or property damage resulting from accidents or fire and are covered by insurance. A substantial number of the lawsuits are in the discovery stages and counsel to the Port cannot express an opinion as to the possible outcome of such litigation. However, in the opinion of counsel the likelihood of an unfavorable outcome is probable in some of the suits and, accordingly, accrued liabilities include an accrual for the aggregate amount of deductibles under applicable insurance policies. The ultimate resolution of such matters is not expected to have a material effect on the Port's financial position or results of operations.

The Port provides health care insurance benefits for retired employees. Substantially all of the Port's employees may become eligible for these benefits if they reach normal retirement age. Those benefits, and similar benefits for active employees, are provided through the City's Health Care System. The Port recognizes the cost of providing those benefits by expensing the annual insurance premiums, which were $33,800 for the retirees for the year ended June 30, 1986.

Bay Area Ports Spearhead Study of Automated Clearance

The Golden Gate Ports Association (GGPA) has authorized Price Waterhouse to study whether an automated customs clearance center should be developed for Bay Area ports. If so, the accounting firm is to make detailed recommendations for design and installation of such a center.

The center's system would interface with Customs' Automated Commercial System (ACS) and could be applied to each of the six Bay ports in the association—San Francisco, Oakland, Redwood City, Richmond, Sacramento and Stockton.

Some ports in the country already have developed service centers but their systems are not well linked to Customs' system.

Development of a good system standardized with Customs and tied to other regulatory agencies would give the Bay Area a significant competitive advantage.

The $150,000 project is being funded by the U.S. Maritime Administration (Marad) and GGPA.

Marad's major interest in the project is in establishing a "generic" model system that could be applied to ports throughout the country at relatively low cost.

Costs and benefits of implementing such a system individually through each member port, or collectively through the Golden Gate Ports Association, will be included in the recommendations.

In conducting the study, Price Waterhouse will be sending surveys to companies within the Bay Area trade community to find out their level of computerization. Lamarian Systems, Inc. of Washington, D.C., is a subcontractor of Price Waterhouse on the project. (Lamarian is the company that developed the U.S. Customs' Automated Commercial System.)

Japan Line Switches Ships to California Service

The *M.V. Pacific Arrow*, first of three Japan Line container ships being shifted into the reorganized California/Japan/Korea service, arrived in San Francisco February 27. The Japan Line ships have been operating in the Pacific Northwest service.

While Japan Line cargo has been passing through the Port of San Francisco since last April, this is the first Japan Line ship that has called here in eighteen years. Last spring, Japan Line signed an agreement with the Port of San Francisco and since then has been moving containers through this port on Evergreen Line ships under a reciprocal space chartering agreement with that line. The service calls South Terminal operated by Stevedoring Services of America.

In addition to 378 container moves, the *Pacific Arrow* loaded 500 tons of vegetable and safflower oils in the ship's two liquid bulk tanks. These oils together with the reefers of egg yolks also on board are destined to become mayonnaise when they reach Japan.

After this initial call, the service will follow a fixed day-of-the-week schedule calling San Francisco every Monday. Other ports-of-call are Tokyo and Osaka in Japan, Busan and Hakata in Korea, and Los Angeles.

Following the *Pacific Arrow* in the five-vessel service will be *Japan Apollo*, *Japan Alliance*, *Ever Lyric* and *Ever Loading*, with capacities ranging from 1,481 to 1,840 TEUs. The realignment improves service to Japan and Korea by increasing frequency from every ten to every seven days and nearly doubling the available shipboard slots per month.

On board the *Pacific Arrow* are (from left) David Snow, district manager, Merit Steamship Agency, Inc., agents for Japan Line; Toshiyuki To, chief engineer; Eugene L. Garitland, executive director, Port of San Francisco; Captain Nobuyuki Okamoto, ship's master; Tadao Kabe, regional manager for Northern California, Japan Line (USA) Ltd., and Toru Toriyama, chief radio officer.

Tanker trucks load vegetable oil into the *Pacific Arrow*

Keeping San Francisco's Containers in Shape

San Francisco Container and Chassis Repair (SFCCR), the largest off-dock container and chassis storage/repair facility in San Francisco, is "putting its money" on the Port of San Francisco.

"We see the growth of the transportation industry in San Francisco as inevitable," said T. James Olison, president of SFCCR, "and the Port of San Francisco as being a leader on the West Coast for containerized cargo handling."

SFCCR is a complete facility specializing in full terminal operations, including storage, dispatching and repair of all leasing and steamship company equipment containers, chassis, flatracks, platforms, tanks, open tops and other miscellaneous equipment. The company now handles container repair for most of San Francisco's biggest shipping lines and is attracting leasing and manufacturing companies to their facility for its storage capabilities.

Located at 1299 Yosemite Avenue just south of the San Francisco Container Terminals, SFCCR is comprised of nine (paved) acres and also contains two 12,000 sq.-ft. indoor repair shops.

SFCCR President T. James Olison (squatting) shows a sample of their work to John Neudecker, manager of Trade Development for the Port.

Cosco Brings in New Ship

China Ocean Shipping Company (COSCO) completed its expansion and ship realignment on the West Coast, with the arrival January 27 of the *M.V. Chao He*. Less than two years old, the *Chao He* replaces the *Song He* which is being shifted to the East Coast.

The line's frequency of service on the West Coast was reduced to every ten days last October when the fifth ship was brought into the service.

Two fully cellular containerships and three roll-on/roll-off ships now accommodate COSCO's transpacific trade.

The *Chao He* has a container capacity of 1322 TEUs including 54 reefer slots.

Intermodal Expo '87

Over 2,000 shippers, agents, and representatives of railroads, motor carriers and shipping lines are expected to attend the annual International Intermodal Expo '87 to be held in Atlanta April 21–23. The Port of San Francisco is pleased to be a maritime sponsor of the event this year.

In the last few years, the Port of San Francisco has significantly increased its capabilities for handling intermodal cargoes, beginning with the establishment of an on-dock facility in 1984.

Last November the 36-acre ICTF with unit train capability was opened.

Intermodal Expo '87 will feature presentations and panel discussions by chief executive officers and industry officials plus several hundred exhibits.

Captain Chen Zhong (center) with Ricardo Lacayo and Walt Schreiber, Norton, Lilly International Inc., agents for COSCO.

Port People

John Neudecker, manager of Trade Development, addressed the World Agritrade Center Conference in Fresno, December 11, on the theme "San Francisco: Your Local Port." Stressing the mutual dependence between the Port of San Francisco's development and that of agritrade in the Central and Northern San Joaquin Valley, Neudecker noted that this area provides the Port with its export base (roughly half of its export cargo). As a result San Francisco remains one of the few American ports to enjoy a trade surplus. This gives its ocean carriers a practical balance between imports and exports with access to cargo that is among the most highly valued throughout the world.

The conference of government and state agricultural leaders was held to explore the feasibility of developing the first World Agritrade Center in Fresno. Housing government and foreign business liaison offices, trade missions, exhibition and trade mart facilities, a duty-free zone, and information, research and meeting centers, the Center would form part of a network of international World Trade Centers, but would be unique in its focus on agricultural trade. Supporters predict that the facility would help boost overall export activity by providing a "one-step shopping center" for foreign buyers and a valuable aid to smaller growers whose access to lucrative overseas markets is limited.

California leads the nation in the production of 53 agricultural commodities exported by the U.S., with Fresno the #1 producing county in the U.S. In fact, five of the country's top ten agricultural producing counties are contained in the San Francisco Customs District.

Roundhouse Earns Award for Architects

Daniel, Mann, Johnson & Mendenhall (DMJM), San Francisco architectural firm on the Port's roundhouse development, has received an award of excellence for creative use of concrete in architecture from the Portland Cement Association.

The roundhouse was built in 1913 to accommodate the port-owned Belt Line Railroad, and in 1980 was designated a city landmark. The development, which included the restoration and adaptive reuse of the buildings on the site and the construction of two new buildings, was completed in 1984 and is now under long-term lease to a commercial management company.

South Seas Steamship Company Signs on with San Francisco

South Seas Steamship Company, a San Francisco-based shipping line with service between the West Coast and South Pacific islands, signed a 10-year terminal revenue-sharing agreement with the Port of San Francisco in January.

The actual signing of the documents occurred aboard the *M.V. Moana Pacific*, South Seas' 812 TEU-capacity containership, during the vessel's first San Francisco call.

South Seas will use North Container Terminal operated by California Stevedore and Ballast Company, for increasing service.

Besides San Francisco, the line calls San Diego and Long Beach on the West Coast and serves Papeete, Tahiti, Pago-Pago, American Samoa, Apia, Western Samoa, Nukualofa, Tonga, Suva and Lautoka, Fiji and Auckland, New Zealand.

Sixty percent of the cargo the line will load here is food stuffs for Pago-Pago and Papeete, according to Ross Levin of United Steamship Agency, Inc., agency for South Seas.

Ronald L. Stone, director of Maritime Affairs, Port of San Francisco, and Tony Dizon, executive vice president, South Seas Steamship Company, with James C. Eschen, president, California Stevedore & Ballast Co., sign agreement bringing South Seas to San Francisco.

Marking first San Francisco call are (from left) Captain Lars Blomstrom, *Moana Pacific*; Rodney Gandy, California Stevedore & Ballast Co.; Gerhard Jacob, United Steamship Agency; Hal McCarthy and James Eschen, California Stevedore & Ballast Co. (On steps) Ross Levin, United Steamship Agency and Tony Dizon, South Seas Steamship Company.

Everything You Always Wanted to Know About Cruising – *But Didn't Know Who to Ask*

Questions from "Can I leave alone?" to "What about tipping?" are answered in a brochure recently published by the Cruise Lines International Association (CLIA), an association of 21 cruise lines to promote and enhance awareness of vacations at sea.

The booklet, entitled "Answers to the Most Asked Questions About Cruising," will be helpful to everyone considering a cruise vacation—especially first timers. A copy of the brochure can be obtained directly from CLIA, 17 Battery Place, Suite 631, New York, 10004 or from travel agents nationwide.

Royal Viking Line Announces Construction of New Cruise Vessel

San Francisco-based Royal Viking Line announced plans for construction of an "ultra luxurious" cruise vessel which will enter service in December 1988. The announcement was made jointly by Einer Kloster, chairman of Kloster Cruise, the parent company of Royal Viking Line, and Joseph A. Watters, president of Royal Viking Line.

The new Royal Viking ship is being built at a cost of $125 million at Wartsila Marine Industries, Inc. in Finland.

"This will be the most luxurious ship in the world," said Kloster in making the announcement.

At 36,000 gross tons, the new Royal Viking Line vessel will be almost a third larger than existing Royal Viking ships but will carry only 760 passengers. It will have larger cabins, more open deck space and more public room space per passenger than virtually any other cruise vessel—either afloat or under construction.

Forty percent of the 380 spacious cabins aboard the new vessel will feature private verandas. Walk-in closets, bars with refrigerators and television/video combinations will be standard in all cabins.

The new ship will be used on the line's longer cruises to exciting destinations—one of which is San Francisco.

Royal Viking Line ships have regularly called San Francisco since the company was formed and its first ships built in the early 1970's.

Port Accommodates 'Special Project' Steel Shipments

Steel for Construction

Hyundai's *Key Glory* docked at Pier 30/32 in December discharging a shipment of steel from Korea. The Hyundai *Hai Soo* discharged a second shipment in January. Altogether, 3,100 tons of steel, 2,200 tons from Korea, have been assembled at the pier for use by the Cannon Construction Co. in the multi-story office building now under construction at First and Mission.

Pier 30/32 is just seven blocks from the construction site and is one of several piers used by the Port for special project cargo.

Stevedoring was handled by Stevedoring Services of America.

Steel for Railroads

Gearbulk's *Harefield* unloaded 1500 tons of steel tracks at North Terminal in January. The railroad tracks were shipped from Germany in 80-foot lengths and unloaded onto 22 railcars for delivery to Southern Pacific's Rail Welding Facility in Tracy. Here they will be welded into 1500-foot sections for final delivery to wherever needed on Southern Pacific's system. The "continuous welded rail", as the 1500-foot sections are called, eliminate the old "clickity-clack" caused by joints on the track. The tracks unloaded in San Francisco were the heavy-duty 136-pound rail, meaning each yard of track weighs 136 pounds. This weight is used on the Southern Pacific's mainline.

"We were proud of the Port of San Francisco's ability to off load this shipment," said Gerald Pera, community relations representative for Southern Pacific Transportation Company. "The entire shipment was divided among several ports with significant problems encountered at another Bay Area port."

California Stevedore and Ballast Co. are terminal operators at North Terminal.

Steel rails unloaded from Gearbulk ship

Construction steel unloaded from Hyundai ship

Port Names Representative

The Port of San Francisco has appointed Carlos A. Massera as its representative in Latin America. A native of Argentina, Mr. Massera has had wide experience in the industry here and in Latin America.

As Owner's Representative for Lloyd Brasileiro in San Francisco, a post he held until 1986, Massera became familiar with the Port of San Francisco and West Coast shipping. Lloyd Brasileiro is the largest general cargo carrier in Latin America. The Brazilian-flag line has called the Port of San Francisco since 1966 and has contributed heavily to making San Francisco the West's leading cocoa and coffee port.

Before that, he was with ELMA (Empresa Lineas Maritimas Argentinas, S.A.) as the Argentine line's representative in Rio de Janeiro. Later he became operations manager and finally general manager in ELMA's Buenos Aires headquarters.

Most recently Massera served as Director of *Container, Comercio, Industria e Agencia Maritima*, a Brazilian company which acts as central operator and coordinator for shipping line and leasing company container operations in ports throughout Brazil.

All South American national flag carriers serving Northern California call San Francisco and have long-term commitments with the Port. Important trading partners. San Francisco handles 19% of all South American cargo on the West Coast and 86% of all South American coffee.

Massera will be headquartered in Rio de Janeiro.

Carlos A. Massera

Ship with a Mercy Mission

The *M.V. Anastasis*, a former Italian cruise ship converted into a mercy vessel, docked at Pier 30/32 for two weeks in December while it was being readied for an evangelical and relief mission to help refugees of the September 1985 earthquake in Mexico.

The ship is operated by Mercy Ships, an international relief agency associated with the Christian organization Youth With A Mission. Purchased in 1978 from the Italian government, the 11,695-gwt ship first set sail from Greece in 1982 with a volunteer crew of 175, many of whom were students who had worked for months making repairs and getting it ready to sail. Since then, its all-volunteer crew and staff (now close to 300) have brought disaster relief, medical assistance and missionary outreach to port cities in Greece, New Zealand, the South Pacific, Central and North America and the Caribbean.

Upon arrival at Mexico's Lazaro Cardenas port, relief goods will be unloaded and the ship's fully equipped dental and specialized surgical facilities plus its onboard general health care unit will be mobilized. The dining and lounge areas will become a training center for conferences and seminars on educational, medical and spiritual topics.

Captain Robin Jones expressed appreciation to skilled San Francisco locals who contributed electrical and other work while the ship was in port.

M.V. Anastasis

Where Were You on the Night of November 15th?

If you were along the Promenade ... in Ferry Plaza ... or on the deck outside Port offices on the third floor of the Ferry Building ... then you had the best seat in town ... for the best show anywhere ... the spectacular Bay Bridge 50th Birthday Celebration.

The evening was balmy and clear. Pleasure boats packed the Bay almost hull to hull. Crowds of people stretched along the Bayfront and covered the hills.

Master control for the dramatic display of sound and light was set up on the Ferry Building deck. It was quite a show. Fireworks electrically fired from six barges in the Bay, lasers, searchlights ... all choreographed to music and simultaneously broadcast by a local radio station.

What a party!

If you wish your name to be added to our mailing list, please contact:

The Port of San Francisco
Ferry Building
San Francisco, CA 94111

(415) 391-8000
Fax: (415) 398-1269
Telex: 275940 PSF UR
Cable: SFPORTCOMM

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John F. Conrad, Director, Administration and Finance
Arthur M. Osborne, Director, Engineering and Maintenance

Port Commissioners:
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Wharfside is published bi-monthly by the Port of San Francisco

Editor: Nancy F. Pitt
Design: Williams & Ziller Design
Photographs: Air News Photos

SF
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1987

THE PORT OF SAN FRANCISCO

Wharfside

March/April 1987

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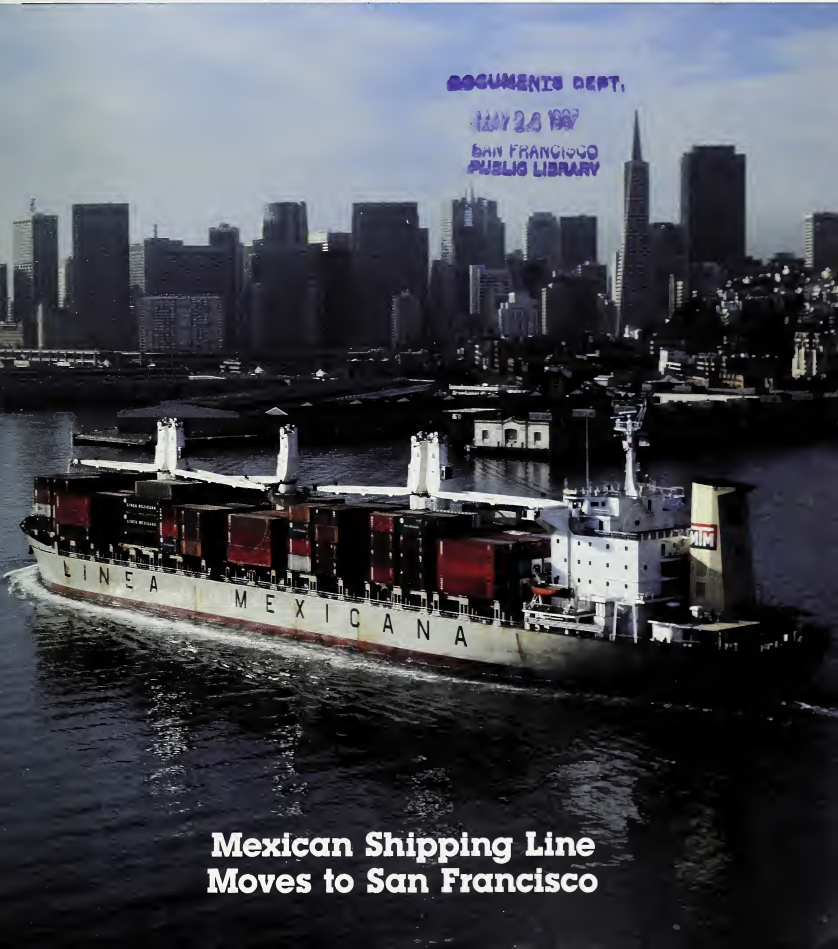


Mexican Shipping Line Moves to San Francisco

MEXICAN SHIPPING LINE MOVES TO SAN FRANCISCO

Mexican Line, the national flag carrier of Mexico, made San Francisco its Northern California port of call with the arrival of the *M. V. Colima* on April 7.

Mexican Line ships carrying cargo out of the Far East will first call San Francisco, then head south to Los Angeles and Mexico, where they will turn around to retrace their route. San Francisco will be their last North American stop before returning to Asia.

As a first port of call, San Francisco will be their primary port for intermodal traffic—imports that get loaded onto rail cars for shipment to midwest and eastern states, or exports from those markets destined for the Far East.

Under terms of the 10-year terminal revenue-sharing agreement, the line is expected to bring in over 10,000 TEUs a year plus some breakbulk cargo and generate over $500,000 in revenue for the Port.

With six calls per month, Mexican Line is now the most frequent individual user of the North Container Terminal (Pier 80). California Stevedore and Ballast Company

(From left) Jim Eschen, California Stevedore and Ballast Company; Ronald Stone, Port of San Francisco; Captain Jose R. Mendoza Ramos, Mario Ronzon, owners representative for Mexican Line; Hal McCarthy, California Stevedore and Ballast Company, and Port Commission President Arthur H. Coleman welcome the *Colima* and Mexican Line to San Francisco.

handles the terminal and stevedoring services at this facility.

Mexican Line is a service of Transportacion Maritima Mexicana, S.A. (TMM), headquartered in Mexico City. TMM operates six ships on its transpacific route, largest of its seven liner services worldwide. TMM ships also call ports in South America and Europe, and at ports on the Atlantic and Gulf coasts of the United States. Trans-American Steamship Agency, Inc. is the U.S. general agent for Mexican Line.

Mexican Line ships began calling on the U.S. west coast in 1982, with stops in Long Beach and Oakland. Earlier this year, the line shifted its Southern California operations to the Port of Los Angeles.

Import cargo discharged in San Francisco will include auto parts, beer and coffee, while foodstuffs, cotton and reefer cargo are among the exports that will be loaded here.

The *Colima* and sistership *Mitla* are new multi-purpose ships built in 1985 and owned by TMM. The 46,000 dwt ships have a container capacity of 1590 TEUs.

The other three ships used in the service are under charter but will be replaced by the company's three new 2000-TEU ships now under construction in France, according to Mario Ronzon, owner's representative for Mexican Line. The first of the new vessels may be ready by as early as June.

This is the third shipping line to name San Francisco its Northern California port of call since January, and the fifth in the last year, and brings to 38 the number of lines operating on the San Francisco waterfront. The most recent additions, besides Mexican Line, are South Seas Steamship Company and Canadian Tropic Line. Also beginning San Francisco service in the last year have been Japan Line, Zim Container Service and Peruvian State Line.

Representing Trans-American Steamship Agency, Inc., at the welcoming are George Hollinger operations San Francisco; Marsha Yip, district manager (from left), and Knut Brekke, operations Los Angeles (far right). Captain Jose R. Mendoza Ramos and Mario Ronzon, representing Mexican Line are third and fourth from left.

Guangdong Trade Office Officially Opens

Mayor Dianne Feinstein and the vice governor of Guangdong Province, Mr. Yu Fei, helped Guangdong International Limited dedicate its new trade office in the World Trade Center wing of the Ferry Building on February 27. This is the first and only such office in the United States today.

Guangdong International promotes trade, primarily exports from Guangdong, tourism and investments by American business in the southern Chinese province.

The opening of this office follows efforts by the Port to bring trade offices from various parts of China to San Francisco in order to develop a cargo base here for the China trade. The agreement establishing this trade office was signed by the director of the Guangdong Foreign Trade Bureau in Mayor Feinstein's office in October 1984. The Port is committed to assist Guangdong International in developing its import-export activities.

Guangdong is a major industrial province of more than 60 million people. Its major city is Canton, also known as Guangzhou. Neighbor to Hong Kong, Guangdong stretches along the South China Sea and encompasses Hainan Island.

This year Guangdong International arranged for many Americans to visit Canton Fair, an export commodity fair held every spring and fall to exhibit goods from all over China. The fair attracts as many as 30,000 foreigners. Guangdong International and the Port have been exploring the idea of having a "mini" Canton Fair here.

Following the dedication Vice Governor Yu Fei and his 15-member delegation of Guangdong Government officials and representatives of business enterprises, left on a tour of other American cities.

While the office has been open for over a year, the dignitaries, ribbon cutting, speeches, champagne toasts and the explosion outside the building of a million firecrackers—or so it sounded—made it official.

Cutting the ribbon to officially open the trade office are: (from left) Zhao Xixin, Consul General for the People's Republic of China in San Francisco; San Francisco Mayor Dianne Feinstein; Charles Lam, vice chairman of Guangdong International Limited, and Vice Governor Yu Fei, Guangdong Province.

China...Where the Far East Ends

Varian Associates' David R. Handy offers "proof positive" that the posters that he took with him on his last trip to the People's Republic of China reached their destination. The poster, which says "Port of San Francisco Where the Far East Begins," has been printed in five languages.

With headquarters in Palo Alto, California, Varian Associates, Inc., is an international, high-technology electronics company. It is a leading manufacturer of electron tubes, analytical instruments, water-fabrication equipment, radiation equipment for cancer therapy, and vacuum equipment and leak detectors.

The company last year handled $20 million in sales to the PRC, shipping the larger equipment via China Ocean Shipping Company (COSCO). The company had two separate shipments aboard one voyage of the *Bin Cheng*. One was an entire x-ray production line filling 27 containers bound for the Shanghai Medical Instrument Factory Nr. 9. The second was a cancer treatment machine.

Handy, who is supervisor of international distribution for Varian, often includes the Port's poster, Chinese language version, among the gifts he gives to the people he does business with in China. He reports they are a very hot item.

David Handy (left) and an associate from Hong Kong with Port poster.

Workers ready flatrack with cable car for lifting aboard *Japan Apollo*.

Captain Kiyoshi Hasegawa. *Japan Alliance* shows where he'll put the welcoming plaque from San Francisco.

Japan Line Ships Welcomed

Japan Line's *M. V. Japan Alliance* and the *M. V. Japan Apollo*, recently repositioned in the California/Japan/Korea service, made their initial San Francisco calls on February 16 and 24, respectively.

The 31,000 dwt *Japan Alliance* was built in 1983 and carries 1692 TEUs. Cargo loaded in San Francisco included 250 tons of vegetable oil shipped by Toshoku America Inc. for delivery in Japan.

One of San Francisco's historic cable cars plus two cable car buses, each secured in a flatrack, were among the cargo waiting for the *Japan Apollo*. The cable car and buses were being delivered to an amusement park in Japan where they are to be on display for 90 days as part of an exhibit on California transportation. The cable car will be returned to San Francisco, but the buses will remain in Japan.

Following this voyage, the *Japan Apollo* went into a shipyard near Kobe to be "jumboized" through the addition of a new section amidship. This section accommodates two bays of 40-foot containers and increased the capacity of the ship from 1517 TEUs to 1919 TEUs. The ship returns to service the end of April.

Welcoming the *Japan Apollo* on its initial San Francisco call are (from left) Tadao Kabe, Japan Line (USA) Ltd.; John Neudecker, Port of San Francisco; Captain Yoshihiko Fujihara, Takashi Yamamoto, junior watch officer, and James Colby, Merit Steamship Agency Inc.

1987 Summer Sailings from San Francisco Pier 35 Passenger Terminal

MAY	VESSEL
4	Royal Viking Sky (a)
10	Rotterdam
10	Stardancer
20	Nieuw Amsterdam (h)
25	Island Princess
JUNE	
3-5	Royal Princess (f)
3	Royal Viking Sky (b)
7	Fairsky
12	Sagafjord (j)
15	Sea Princess
19	Fairsky
25	Royal Viking Sky (b)
25	Sea Princess
JULY	
1	Fairsky
3-6	Wind Song
5	Sea Princess
13	Fairsky
15	Sea Princess
25	Sea Princess
25	Fairsky
AUGUST	
4	Sea Princess
6	Fairsky
14	Sea Princess
18	Fairsky
24	Sea Princess
30	Royal Viking Sky (c)
30	Fairsky
SEPTEMBER	
1	Sea Goddess
3	Sea Princess (e)
9	Sagafjord (k)
11	Fairsky
23	Royal Princess (g)
23	Fairsky
23	Regent Sea
29	Nieuw Amsterdam (i)

ADMIRAL CRUISES

Stardancer
4-day or 11-day cruises from Los Angeles to Canada and Alaska (with a stop in San Francisco)
Victoria, then 11-day cruise continues to Juneau, Glacier Bay, Sitka, Ketchikan, Misty Fjords and Vancouver

For further information
Admiral Cruises, Inc., 1220 Biscayne Blvd., P.O. Box 010882, Miami, FL 33101
(305) 374-1611 or
contact your travel agent.

★ ★ ★ ★ ★

CUNARD

Sagafjord
(j) 2-day or 11-day cruise to Canada and Alaska:

Vancouver; then 11-day cruise continues to Ketchikan, Juneau, Skagway, Sitka, Hubbard Glacier, Valdez, Columbia Glacier, Prince William Sound, Seward, Kenai Fjord National Park, Homer, Anchorage.

(k) 17-day cruise to Florida:
Santa Barbara, Los Angeles, Cabo San Lucas, Acapulco, Panama Canal, Cartagena, Grand Cayman, Playa del Carmen, Cazumel, Key West, Ft. Lauderdale.

Sea Goddess
4-day cruise from Vancouver to Los Angeles.

For further information:
Cunard/NAC
555 Fifth Avenue, New York, NY 10017
(800) 221-2400 or
contact your travel agent.

★ ★ ★ ★ ★

HOLLAND AMERICA LINE

Rotterdam
Discharges passengers following a 14-day Trans-canal cruise from Ft. Lauderdale.

Nieuw Amsterdam
(h) Discharges passengers following an 18-day Trans-canal cruise from Tampa.

(i) 18-day cruise to Florida:
Los Angeles, Cabo San Lucas, Puerto Vallarta, Acapulco, Puerto Caldera, Panama Canal, Cristobal, San Blas Islands, Cartagena, Ocho Rios, Grand Cayman, Tampa.

For further information:
Holland America Line, 300 Elliott Ave. West, Seattle, WA 98119
(206) 281-3535 or
contact your travel agent.

PRINCESS CRUISES

Sea Princess
The *M. V. Sea Princess* is the line's newest "princess", but has a "grande dame" reputation. Originally built for Swedish-American Line as the *Kungsholm*, it was later purchased, re-fitted and re-named the *Sea Princess* by P&O in 1978. The classic 28,000-ton cruise ship was acquired last year from parent company P&O and has undergone a $6 million refurbishment.

10-day round trip cruises to Alaska:
Vancouver, Juneau, Glacier Bay, Sitka, Victoria.

(e) On the final call of the season, the *Sea Princess* departs for an 8-day Alaska cruise discharging passengers in Vancouver.

Island Princess
10-day cruise to Alaska:
Vancouver, Juneau, Skagway, Glacier Bay, Sitka. Passengers disembark in Vancouver. (Follows a 27-day South Pacific cruise to San Francisco.)

Royal Princess
(f) 8-day Alaska cruise following a 14-day Pacific crossing:

Victoria, Glacier Bay, Juneau, Sitka, Vancouver (discharge port). Singer Tennessee Ernie Ford is featured entertainer on this cruise.

(g) Discharges passengers from an 11-day Alaska/Canada cruise.

For further information:
Princess Cruises, 2029 Century Park East, Los Angeles, CA 90067
(800) 354-4441 or
contact your travel agent.

★ ★ ★ ★ ★

REGENCY CRUISES

Regent Sea
Discharges passengers following a 3-day cruise from Vancouver. The line's second annual Jazz Festival at Sea will be held aboard this cruise featuring performances by musicians such as Dizzy Gillespie; the Marion McPartland Trio with Jimmy McPartland; the L.A. Jazz Legends; Bill Henderson and Group, and host Leonard Feather.

For further information:
Regency Cruises, 260 Madison Ave., 18th Floor,
New York, NY 10016
(800) 437-7788 or
contact your travel agent.

ROYAL VIKING LINE

Royal Viking Sky
(a) 14-day Trans-canal cruise to San Juan: Los Angeles, Acapulco, Caldera, Panama Canal, Cartagena, St. Thomas, St. Maarten, San Juan. This is one of Royal Viking Line's "World of Bridge" cruises. Bridge authority Pat Rybin will be aboard leading sessions of bridge play and offering advice. (Westbound Trans-canal cruises from San Juan to San Francisco precede and follow this cruise.)

(b) 11-day cruises to Alaska:
Seattle, Victoria, Sitka, Glacier Bay, Skagway, Haines, Juneau, Ketchikan, Vancouver. A new feature this season is the aerial views of ice fields, mountain ranges and wildlife available in Juneau, Ketchikan, Skagway and Anchorage. (The southbound version of these 11-day cruises discharging passengers in San Francisco follows each of these northbound cruises.)

(c) 19-day Trans-canal cruise:
Los Angeles, Acapulco, Caldera, Panama Canal, Cartagena, Ocho Rios, Ft. Lauderdale, Philadelphia, New York.

For further information:
Royal Viking Line, 750 Battery Street,
San Francisco, CA 94111
(800) 422-8000 or (415) 398-8000 or
contact your travel agent.

★★★★★

SITMAR CRUISES

Fairsky
12-day round trips to Alaska:
Victoria, Vancouver, Port Hardy, Ketchikan, Juneau, Skagway, Glacier Bay, La Perouse Glacier, Sitka. (The first arrival on June 7th also discharges passengers following a 14-day Trans-canal cruise from Ft. Lauderdale.)

For further information:
Sitmar Cruises, 10100 Santa Monica Blvd.,
Los Angeles, CA 90067
(800) 421-0880 or
contact your travel agent.

★★★★★

WINDSTAR CRUISES LIMITED

Wind Song
See accompanying story.

For further information:
Windstar Cruises Limited,
7415 N.W. 19th St.,
Miami, Florida 33126
(305) 594-4583 or
contact your travel agent.

Wind Song under sail.

Wind Song

The modern four-masted sailing cruiser, *Wind Song*, will visit San Francisco from July 3–6 to give city officials and cruise industry dignitaries a chance to preview the "newest old" concept in cruising. The 440-foot-long ship is a true sailing vessel with six Marconi-type sails—21,555 square feet of sail in all—on four masts rising 204 feet above the waterline. This sailing ship, however, travels on the cutting edge of modern technology. Computerized navigation, mechanized sail handling and automated stabilizing make *Wind Song* a whole lot different than conventional sailing ships. Of its 80 member crew, only 14 are actually involved in the operation of the ship. The rest tend to the comfort of the passengers.

Wind Song is the second of four identical sailing cruisers being built for Windstar Cruises Limited by Societe Nouvelle des Ateliers at Chantiers du Havre in Le Havre, France. First-built *Wind Star* began 7-day cruises among the Grenadine Islands in the Eastern Caribbean last December. *Wind Song*, still in the shipyard, will begin 7-day cruises through French Polynesia in July after the San Francisco visit. The other two sailing ships, *Wind Spirit* and *Wind Saga* will follow in 1988 and '89. Their cruise itineraries have not been announced. Windstar ships are the longest sailing ships ever built and accommodate 150 passengers in 75 outside cabins, each exactly alike.

Explorer Starship

The Exploration Cruise Lines' new *M. S. Explorer Starship* will make an inaugural visit to San Francisco May 10-11 before heading north for summer cruises between Prince Rupert, British Columbia, and Whittier, Alaska.

A small cruiseliner, the *Explorer Starship* is 407.5 feet long and accommodates up to 250 passengers in outside cabins. Although described as a conversion and not an active newbuilding, all that remains of the original rubber-roll-off cargo vessel is the hull. All seven decks, superstructure and propulsion system are new.

A special feature of the ship is a 52.5 foot-long self-propelled tender carried on davits at the stern, and used to land passengers where shoreside facilities are nonexistent. The smaller size of the *Explorer Starship* and the accompanying tender, allow the ship to cruise and explore areas not usually accessible.

The cruise ship will be berthed at Pier 30/32.

In the spring (March, April, May) and fall (September, October, November), Exploration Cruise Lines operates two other vessels out of San Francisco for 4-day/3-night cruises on the San Joaquin and Sacramento Rivers through the California Delta. The *Glacier Bay Explorer* and the *Pacific Northwest Explorer* accommodate up to 64 and 80 passengers respectively.

Heavy accelerator section is lowered onto truck.

H-e-a-v-y L-i-f-t at North Terminal

The *Ruth Lykes* heaved starboard as its onboard crane gently lowered the 75-ton load onto a waiting truck. While this was the heaviest, it was but one of many pieces—some containerized—that were discharged at Pier 80 for delivery to a site just west of Stanford University. The shipment contained sections of a particle accelerator—a scientific research machine of magnets and vacuum tubes that smashes atomic particles apart in order to study the energy that held them together. The accelerator parts are being used to turn the 19-year-old Stanford Linear Accelerator into the new Stanford Linear Collider by adding a circular bulb on the end to guide the particles into head-on collisions.

The accelerator was built in Japan by Marubeni Corporation with shipping arrangements handled by Kamigumi Inc., an international forwarder. Harper Robinson and Company was the local forwarder utilizing Sheety's multi-wheel trucks for delivery of the heaviest pieces.

Scientists will be able to begin working with this research tool sometime this summer.

Ronald Stone (fourth from left) welcomes *Canada Star* and Bermuda Cruise Line to the Port of San Francisco. From left: Wette and Donald Caldera, chairman of the board, Bermuda Cruise Line; Captain Jens W. Thorn, *Canada Star*; Stone; J. Del Valle, president, Bermuda Cruise Line, and Ron Lord, California Stevedore and Ballast Company.

There's Something Familiar About the *Canada Star*...

The *Canada Star* emerged on the cruise scene this April — a new name and ownership for a respected and gracious ship. Best known as the *Volendam* in Holland America Line's fleet and, more recently, as the *Liberté* operated by American Hawaii Cruises in Tahiti, the ship, now owned by Bermuda Cruise Line, is headed for a summer of cruising along the East Coast of the United States and Canada.

During the ship's 6-day stay at San Francisco's Pier 35 Passenger Terminal, the company hosted the travel and cruise industry to tours of the ship and a 2-day "cruise to nowhere."

The *Canada Star* departed April 20 on a cruise through the Panama Canal and the Caribbean before starting its regular cruise itinerary.

Canada Star (nee *Liberté*)

Evergreen's longest ship docks at South Terminal

Evergreen is Bigger than Ever

It was a larger, longer *Ever Guest* that arrived in San Francisco April 9—100 feet longer, 6000 pounds heavier, and with an added capacity of 540 TEUs.

Evergreen Line is stretching all six of its new GL-class container ships (plus two yet-to-be-built) cutting each of the vessel's hull in two and welding a prefabricated, 20-meter two bay section in between. The work is being done for Evergreen by the China Shipbuilding Corporation in Taiwan. The expansion will turn all of the GL-class ships into what the line now refers to as GX-class ships.

Last October, when the *Ever Guest* made its maiden call to San Francisco, it had a capacity of 2940 TEUs stacked four-high. This trip, its capacity was 3480 TEUs four-high or 3800 TEUs five-high. This makes the GX ships among the largest container ships afloat.

The *Ever Guest* was the first ship to be expanded and the work took nearly six weeks to complete. The shipbuilding company expects to reduce this time to three weeks on subsequent expansions.

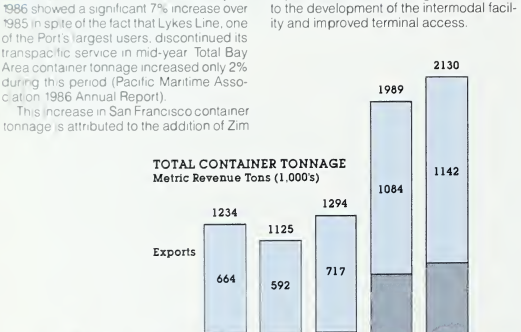
The next ship to be stretched is the *Ever General*, a brand new vessel that will go directly from the shipyard in Japan to the drydock in Taiwan for stretching.

All six ships are scheduled to go through their expansion and be back in service by August.

Port of San Francisco's Corner on Trade

Overall container tonnage through the Port of San Francisco in calendar year 1986 showed a significant 7% increase over 1985 in spite of the fact that Lykes Line, one of the Port's largest users, discontinued its transpacific service in mid-year. Total Bay Area container tonnage increased only 2% during this period (Pacific Maritime Association 1986 Annual Report).

This increase in San Francisco container tonnage is attributed to the addition of Zim Container Service and Japan Line, to the expanded service of Evergreen Line, and to the development of the intermodal facility and improved terminal access.



PORT PEOPLE

■ **Roger L. Peters**, intermodal manager, attended the annual California Truckers Association Convention in Coronado, February 9–10. He reported on improvements and services that affect truckers, including the overweight corridor, gate improvements to the ocean terminals, Customs' centralized examination stations and new signage on truck routes that will clearly indicate the best access to terminals and container freight stations.

From April 21–23, Peters represented the Port at the Atlanta Intermodal Expo '87. The Port of San Francisco is a maritime sponsor of the international exposition.

■ **Martha Seijas-Schwartz**, market research specialist, and **Randy Rossi,** planning and research consultant, gave a presentation to SPUR (San Francisco Planning and Urban Research Association) March 19 on plans for the further development of the Pier 35 passenger terminal. An analysis of the impact of the cruise industry on the economy of San Francisco was also presented. As a result of questions about parking availability during weekend "sailing days", the Port has been contacting parking lot operators in the vicinity to request they remain open when cruise ships are docked. Visitors to the ships will now be apprised of available nearby parking.

■ **Chief Engineer Vello Kiisk** attended a Facilities Engineering Seminar sponsored by the American Association of Port Authorities, held in Long Beach February 8-11.

■ **Port Commission President Arthur H. Coleman** accompanied **Ronald L. Stone**, director of Maritime Affairs, on a 19-day marketing trip to the Far East in March. Their itinerary included stops in Japan, Korea, Taiwan, Hong Kong and the Philippines. Both Coleman and Stone reported an emerging awareness among carriers and shippers of what is happening at the Port and the cost and efficiency benefits the Port has to offer. "All our carriers in the Far East trade are doing well," Stone told the Commission. "Cargo volume . . . cargo bookings . . . and cargo space to the West Coast are all up."

Friends and associates, inside and outside the Port, separately honored two long-term and well-liked employees on their retirements in February and March:

■ **Patrick "Pat" Farris** joined the Port in 1964 as a junior construction inspector. He became a construction supervisor in 1966; and from 1969 on, he worked as the Port's senior or chief building inspector. During his 23 years at the Port, he was involved in many projects, including the building of the container terminals, the rebuilding of the seawall and the "unbuilding" of older piers to make way for the Promenade.

Pat is now remodeling his, and his wife, Janet's, seaside home in Avila Beach, south of Morro Bay, and has begun building a fishing boat that will take care of his other retirement plans.

■ On March 20, Chief Wharfinger **Walter "Wally" Bowden** retired after 35 years with the Port. He came to the Port in 1952 as a senior clerk. Four years later, he moved into the position of wharfinger; and from then on, he was "out and about" the piers keeping tabs on everything that happened and everyone who had anything to do with what happened. In 1980, Wally was made chief wharfinger, moving into the control position in the Ferry Building.

During the '50s, Wally's by-lined column of news about the wharfingers regularly appeared in *Portside News*, a forerunner of *Wharfside*.

His immediate retirement plans include catching up on all the maintenance projects around his house and spending more time with his wife, Dorothy, and their children and grandchildren.

■ **John Neudecker**, trade development manager, attended the "Export Symposium" sponsored by the City of Modesto and the Modesto Chamber of Commerce. Appearing on the transportation panel, he outlined the benefits to exporters offered by the Port of San Francisco.

In April, Neudecker represented the Port at the annual convention of the Western Cotton Shippers Association, held in Coronado, California.

(From left) M. Iwashita, Nippon Maritime Co., Ltd., Tokyo, representative of the Port of San Francisco in Japan; Ronald L. Stone, Maritime Affairs director, and Commission President Arthur H. Coleman greet guests at a reception held during Far East trip.

Pat Farris is presented a commendation by Executive Director Eugene L. Gartland (left) and Commission President Arthur H. Coleman.

Wally Bowden enjoying retirement with wife, Dorothy.

■ "Convict" **Sandra Lau** and "Angel" **Patsy Love** of the Maritime Department were among those welcoming Port customers and friends to a gala Carnaval in the lounge of the Pier 35 Passenger Terminal. Over 400 members of the local shipping industry attended.

■ Hats off to **Bruce Myszka**, carpenter; **Jim Elbing**, electrical supervisor; and **Dorothy Riemers**, maintenance secretary, for their good judgement and quick action February 12 in averting a possible tragedy at the South Beach Marina redevelopment project next to the Pier 46 maintenance yard. That afternoon Riemers spotted a woman clinging to the "other" side of a 6-foot fence and just inches from the end of the pier. Myszka scaled the fence while Elbing grabbed a life ring and drove the car through the construction project. They reached the woman who was confused and disoriented and led her to safety. A police officer was called and took over from the maintenance rescuers.

■ **Mike Wimpress** has joined the commercial Property Department as a property manager and leasing representative. He is currently assigned to the property from Hyde Street Pier through Pier 33, which includes Fisherman's Wharf, Pier 45, Pier 39 and the Passenger Terminal. He is also a member of the advisory board for the development of Pier 45, adjacent areas of Fisherman's Wharf and Hyde Street Pier. With 13 years' experience in the real estate and property management industry, Wimpress most recently was with Callahan & Associates, a Los Angeles firm that manages shopping center developments. A California native, Wimpress graduated from California State University, Fullerton, and has a California Real Estate License.

■ *Wharfside* has received many queries on who took the outstanding photo of the fireworks display that appeared in color on the back page of the January/February issue. The photographer happens to be none other than our Property Department's **Pat Wilson**! Pat's artistic bent turned to photography about five years ago when, as she says, she purchased some "decent camera equipment to use during vacations in Mexico and Europe." That led to photography classes at Fort Mason and membership in the Mill Valley multi-arts group "Sight and Insight," which also operates the Perception Gallery in Fort Mason where some of her photographs have been displayed. This particular photo—a color transparency—was taken with a Pentax Super ME camera fitted with a Vivitar 75-205mm zoom lens set at infinity. Exposure of Kodachrome 64 film was f2.8 at 3 seconds. "The result was pure luck," Pat claims. But Pat is modest.

■ The Port of San Francisco was host port for the March meeting of the Western States Coalition for Effective U.S. Customs Service at the San Francisco International Airport. According to **Terry Hamid**, sales manager and the Port's representative in the group, major points of discussion were the study of Customs manpower, centralized inspection, user fees and the possible closure of the FDA lab. Hamid also attended a meeting of the Golden Gate Ports Authority in Stockton to discuss the group's marketing program.

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Wharfside is published bi-monthly by the Port of San Francisco

Editor: Nancy F. Pitt
Design: Williams & Ziller Design
Photographs: Air News Photos, Still News Photos, David Handy, Malcolm Kimberlin, Windstar Cruises, Exploration Cruises, Nancy Pitt, Nippon Maritime

SF
P55
A45
JUN/JUL
1987

THE PORT OF SAN FRANCISCO

Wharfside

June/July 1987

Moving Overweight Cargos
The *Practical* Solution

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MOVING OVERWEIGHT CARGOS–THE PRACTICAL SOLUTION

Ocean carriers figure shipping charges by a per container rate... no matter what's inside... or what it weighs. It's a lot simpler that way. So is it any wonder then that shippers try to pack as much into a container as they can! The trouble with this is that on State of California roads there is an 80,000 pound total weight limit—that's for container truck chassis and all. And California, as well as other states with weight restrictions, are strict on enforcement, levying substantial fines for violations.

When the Port of San Francisco opened an on-dock Intermodal Container Transfer Facility (ICTF) in October 1984, part of the weight problem was solved. Intermodal shippers could now transfer containers between ship and railcars without the need to dray the cargo over public streets. Containers could be stuffed to any weight. This is one of the most important benefits San Francisco's ICTF has passed on to its users.

But what about local cargo, or transloaded cargo? In April 1986, the Port of San Francisco, in conjunction with the San Francisco Department of Public Works, the agency that controls city streets, established an overweight corridor connecting all of the Port's major container handling facilities. The corridor runs along Third Street from Pier 50, past North Container Terminal (Pier 80) and into the ICTF and the South Container Terminal (Pier 94-96). Many trucking, Container Freight Stations and warehousing facilities along the way have access to this designated corridor. Here, along this cor-

ridor it is now permissible, with a permit, to haul a total weight of 93,000 pounds. That's 13,000 pounds over the otherwise legal limit Subtracting the weight of truck and chassis, cargo payloads of from 50,000 to 60,000 pounds can be carried.

Heavy import loads which could not legally be moved to other facilities, can now depart San Francisco's container terminals via the overweight corridor and connect with a variety of devanning and warehousing facilities, both on- and off-dock.

The corridor has also been used extensively for export cargo. Japan Line carries a large amount of frozen poultry, which is heavy cargo. The poultry comes in by box car and is transloaded into containers These fully loaded containers can be delivered to South Terminal via the overweight corridor without penalty

Devising ways to handle overweight containers is not unique to the Port of San Francisco. Other ports in California and around the country have attempted to deal with the problem. But San Francisco's overweight corridor is considered the most useful and practical of any in California for the following reasons.

- Standard equipment is acceptable in San Francisco's corridor—any style of chassis, any tractor and both 20-foot and 40-foot containers
- The corridor is "open" 24 hours a day and operates under normal signal lights
- Users need obtain a permit from only a single source the Department of Public Works
- The overweight permit one for each tractor, costs $100 with only a $500,000 insurance requirement and is valid for one whole year

As other container handling and support facilities are developed in and around the Port of San Francisco, the corridor will be extended to access them as well

Truck legally carries an overweight container between a container freight station and Port facilities via the "special permit" corridor

Cal Cargo Transportation & Warehousing

Cal Cargo is a San Francisco company through and through and proud of it. Ask Joe Muzzin, president of the company and, not surprisingly, a San Francisco native.

"We specifically set up our San Francisco-based operation to support the San Francisco steamship and international business community. Our entire efforts are geared to that end. Others may relocate when they think there's greener grass elsewhere. But not Cal Cargo. We're here to stay."

Cal Cargo has been finding that the grass is indeed greener in its own backyard or no more than a block or two away. Pending I.C.C. approval, Cal Cargo, through parent company Pacific Warehousing, will purchase Shima Transfer Company, a highly respected trucking/warehouse/CFS company.

Shima was founded 54 years ago by the father of current president, Hiko Shimamoto, making it *one*, if not *the* oldest such company in San Francisco. It has stayed a family operation through the years.

The "takeover" is definitely friendly. For the past 1½ years, Cal Cargo has been operating its CFS under Shima's customs bond.

"Our operations and needs seemed to dovetail," explained Dan McCarthy, vice president for Cal Cargo's sales. "We had warehouse space and they were running out. Another example, rice has been a big commodity with Shima. They act as a carload discount carrier, piggybacking from the East. We're in a position to better handle their local distribution."

The two companies would be run separately, according to McCarthy. Shima would handle domestic and LCL cargo, while Cal Cargo would handle international, full containers and CFS work. Shima's 35,000 square foot warehouse would bring the number of Cal Cargo warehouses to five.

Parent company Pacific Warehousing and forerunner of Cal Cargo was formed seven years ago to handle promotional candy, World's Finest Chocolate. It is still a major account. Headquarters were in a Hooper Street warehouse. (The company no longer has this facility.)

It was about the same time they moved into 1050 Third Street, a still used freight terminal and general office, that partners Ross Smiley and Ron Gaggero persuaded now-president Muzzin to become a third partner. Muzzin had been president of Alltrans Express, a trucking and warehousing company.

The company's next big involvement was with newsprint and required the addition of yet another warehouse at 1400 6th Street which was replaced last September by a 100,000 square foot warehouse at 255 Channel. Cal Cargo now handles approximately 35% of all newsprint that comes into the Bay Area both by rail and by ocean barge. One of its major customers is the San Francisco Newspaper Agency which prints the San Francisco Chronicle and the San Francisco Examiner.

Two years ago, Cal Cargo added its present headquarters location at 1730 3rd Street to its list of facilities. Here it operates a container freight station.

The fourth warehouse that Cal Cargo acquired is a public warehouse at 195 Channel and handles candy, beer, coffee and a variety of products.

With its CFS facility as well as two of their warehouses and Shima's warehouse located on Third Street, Cal Cargo can utilize the Port's overweight corridor to access all Port facilities.

Will the combined Cal Cargo/Shima Company have a new name? "We're calling ourselves 'Pacific Shima Cal Cargo'..... at least for now," Muzzin said.

1,300 cases (104,000 pounds) of frozen chicken wings f
at Cal Cargo's container freight station for shipmen

Memphis, Tennessee, are transloaded from boxcar to Japan Line containers Hakada, Japan, aboard the *Japan Apollo*.

Joe Muzzin, president, Cal Cargo (right), checks shipment report with Louis Vargas interfreight supervisor.

Our New Container Cranes Are A-comin'

The two new 40-long-ton 100-foot-gauge container cranes, designed by Paceco and fabricated by Hyundai Heavy Industries, arrived at the Port of San Francisco July 7 aboard the *Dock Express #12*. The special transport ship left Korea on June 19.

These cranes will give the Port of San Francisco the capability of handling the newest generation containerships and makes San Francisco competitive with any port on the West Coast.

Fully assembled, the cranes stood 195 feet above the water surface, clearing the Golden Gate Bridge by only 40 feet and requiring the ship to veer east of the regular inbound shipping lane to pass under a higher span of the San Francisco-Oakland Bay Bridge. The cranes are being unloaded by Rigging International, under a subcontract with Hyundai, onto temporary rails at the south face of North Container Terminal.

A contract for construction of the new permanent inboard crane rail to accommodate the larger 100-foot-gauge, has been awarded to Stacy and Witbeck, West Bay and Nationwide, a joint venture.

Many of the carriers using the Port carry containers stacked five high on the deck. The new cranes have a clear lift height of 95 feet enabling the cranes to handle one container over five containers on deck.

Outreach of the cranes is 130 feet.

The container crane modification will be stretched over two years. This year the two Paceco cranes will be raised and 15-foot extensions added to the legs of each of the cranes. This will give the cranes a clear lift above high water of 103'6", the highest lift clearance of any crane in the Bay Area.

The parts will be designed and fabricated by Paceco, Inc. and installed by a contractor selected by competitive bid. While the total job is expected to take four months, the cranes will be out of service for only three weeks. Each of the cranes will literally be "jacked up" while the fabricated 15-foot sections are installed at the base.

South Terminal's two Starporter cranes are scheduled to be modified next year.

North Container Terminal will also have the capability of accommodating ships with five high containers when the two new 100-foot-gauge container cranes from Hyundai become operational.

Cost of fabrication and installation of the two Paceco cranes is estimated at $1 million and will be paid out of the 1984 Revenue Bond Funds.

Port to Raise South Terminal Cranes

Over the next two years, the Port of San Francisco will modify each of its four container cranes at South Container Terminal to better handle ships with five high container stacks.

Evergreen Line, Japan Line and Zim Container Service, all users of this terminal, now consistently come in and go out with a full load of containers stacked five high on deck. Many more of these large-capacity ships are expected to enter services that call San Francisco.

Ambassador Charles Gomis receives Order of Maritime Merit medal from Ronald Stone, director of Maritime Affairs, and certificate from Executive Director Eugene Gartland. With Ambassador Gomis are (from left) Awaza Sattar, financial advisor to the Ambassador, and Mondon Konan, deputy mayor of Abidjan and mayor of Koumassi.

Cote de'Ivoire Ambassador Honored

The Port of San Francisco awarded the Order of Maritime Merit at the rank of Commander to Ambassador Charles Gomis, Cote d'Ivoire Ambassador to the United States, during his visit to San Francisco in May.

An independent republic on the south coast of West Africa, Cote d'Ivoire (Ivory Coast) is considered the most prosperous of tropical African nations due to its diversification of agriculture for export, foreign investment and its close ties to France. (Ivory Coast was a French protectorate from 1842 until its independence in 1960.)

Executive Director Eugene Gartland presented the award to Ambassador Gomis at a Port gathering also attended by E. D. Osgood, consul general for Cote d'Ivoire in San Francisco; the honorable Mondon Konan, mayor of Koumassi and deputy mayor of Abidjan, capital of Cote d'Ivoire; Ron Kamp and Tom Walker, Nedlloyd Line, Ron Stone and John Neudecker, Port of San Francisco.

E. D. Osgood is also president of Foreign Trade Services, operator for the Port of Foreign Trade Zone #3.

Nedlloyd has been studying the possibility of a service between Abidjan and San Francisco to handle coffee and cocoa beans, the two major crops of Cote d'Ivoire. The country is the world's leading producer of cocoa and the third largest producer of coffee.

The group later attended a lunch at the Cercle de L'Union hosted by Consul General Osgood where Ambassador Gomis spoke of trade and investment opportunities in Cote d'Ivoire. Top officials from a number of import firms were in attendance, including Jay Guitard, president of Guitard Chocolate, a major user of cocoa beans in the Bay Area.

Also attending the lunch was the Reverend Cecil Williams, chairman of the Mayor's Abidjan/San Francisco Sister City Committee. A sister city agreement between the two cities is expected to be signed later this year in Abidjan.

Foreign Trade Zone Lands Major Account

Fairn & Swanson Inc., a major West Coast supplier of duty free and bonded merchandise to cruise ships, has moved its entire inventory and warehouse offices to San Francisco's Foreign Trade Zone #3 on Piers 19/23.

According to E. D. Osgood, president of Foreign Trade Services, operator of FTZ #3 for the Port of San Francisco, Fairn & Swanson is expected to carry an average inventory of 30,000 cases of merchandise. This makes it one of the largest accounts of FTZ #3.

Last year F&S had $15 million in sales, according to Wolfgang Uhlig, president of the company.

"We expect that this move to FTZ #3 will save us about $100,000 a year," said Uhlig. "Ed (Osgood) is experienced and knows what he's doing. This foreign trade zone is run very well."

A foreign trade zone is an area designated to be outside U.S. Customs territory allowing users to store foreign and domestic goods there duty free. F&S had been a customer of FTZ #56 at the Port of Oakland before its move to San Francisco.

F&S specializes in supplying cigarettes, spirits, wine, champagne, beer, perfume and health and beauty aids to cruise ships for the use of passengers and crew and to offer for sale in the ship's duty-free shop. F&S not only supplies the passenger ships when they are in San Francisco, but also services ships calling at Los Angeles and Vancouver. In addition, full container loads of supplies are sent overseas to resupply the cruise ships when they call at foreign ports.

In recent years Fairn & Swanson has expanded the scope of its business to the duty free industry in general, both here and abroad. Customers now also include the airline's duty free "sky shops", the U.S.-Canada border stores, the foreign consulates in San Francisco and 13 Western states, foreign military personnel stationed here and American military personnel stationed overseas, and Americans working in U.S. Consulates and Embassies at overseas locations.

Wolfgang Uhlig (left), Fairn & Swanson Inc., confers with E.D. Osgood, Foreign Trade Services, Foreign Trade Zone #3.

Tug swings bow of *Chaco* into channel

On the bridge of the *Chaco* are Chief Engineer Jose Antonio Recupero, Terry Hamid, Port of San Francisco, Captain Otto C. Szeles, and William Jetter, ELMA General Agency Corp.

ELMA Adds *Chaco* to Service

ELMA Empress Lineas Maritimas Argentinas S.A., introduced the *M.S. Chaco* into its service in June replacing the *Santa Cruz*. The 20,700 dwt *Chaco* is a nine-year-old general cargo vessel.

This brings to nine the number of vessels currently in the service. But this is only temporary according to William Jetter, general manager, Western Division, ELMA General Agency Corp. The *Montan* will make only one voyage and then the number of ships returns to the usual eight.

ELMA ships call San Francisco approximately every 10 days in the service between Buenos Aires and the west coasts of South, Central and North America. Food products make up the largest percentage of cargo discharged at San Francisco's North Terminal, operated by California Stevedore and Ballast Company.

ELMA has announced the appointment of Williams, Dimond & Co. as its new agency, effective July 11.

Port Visitors

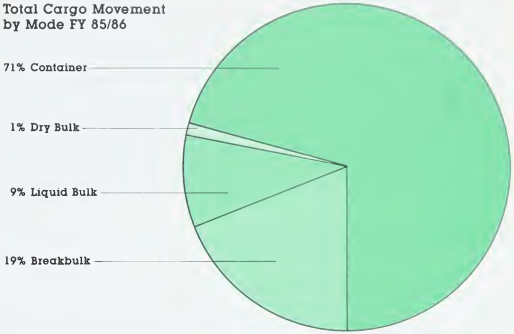
The Japanese training vessel *Kojima* of the Japan Maritime Safety Agency visited San Francisco May 20 to 29. On board the vessel were 53 cadets who hope to become members of the Japanese Coast Guard following their training. The ship also participated in the Parade of Ships tribute to the 50th Anniversary of the Golden Gate Bridge and entered a team in the Golden Gate Cup Whaleboat Race.

Jiro Ihara, Mitsui O.S.K. Lines (America) Inc., and Koichi "Kent" Tatebayasshi, Nippon Express (USA) Inc., toured Port facilities during a visit to San Francisco June 15. Both men are stationed in the Chicago offices of their respective companies and are undergoing a training program on U.S. business and shipping procedures. They will return to Japan later this year.

Port of San Francisco's Corner on Trade

Container cargo accounted for 71% of the total cargo moving through the Port during Fiscal Year 1985/86. This is an increase from 67% in Fiscal Year 1984/85. This shift from breakbulk and bulk cargoes is expected to continue as the Port expands its container facilities and aggressively markets its services.

Total Cargo Movement by Mode FY 85/86



A Longer *Japan Apollo*

When the *M.V. Japan Apollo* sailed out of San Francisco Bay at the end of February, the 27,502 dwt ship was 199 meters long and had a container capacity of up to 1517 TEUs. Two months later, the ship returned to its South Terminal berth 28.43 meters longer, 3,520 tons heavier and able to carry 402 more TEUs.

Built at I.H.I. & AIOI shipyard, the *Japan Apollo* is the first Japan Line ship to be "jumboized", a method of increasing a ship's capacity through the addition of a prefabricated mid-section. This technique has been used on both passenger and cargo ships.

The *Japan Apollo* returned to the shipyard where it was built to undergo the lengthening operation.

Tug maneuvers the "new" 1919 TEU *Japan Apollo* out of its berth.

Welcoming banner adorns passenger terminal

Welcome to San Francisco

San Francisco has put its welcome into words — big red words on a banner draped across the northend of Pier 35. The banner, visible to arriving ships, welcomes cruise lines and their passengers to San Francisco.

A secondary banner names the particular cruise line arriving or already in port. The Port's maintenance department is in charge of seeing that the right banner welcomes the right ship — a neat trick — and an even neater trick when two ships are in port at once.

Railroad Fair Draws Hundreds to Waterfront

The largest railroad fair and exhibit to be held in San Francisco since 1915 attracted hundreds of visitors during its five-day run this Spring.

Sponsored by the California State Railroad Museum in Sacramento, with the cooperation and support of over twenty Bay Area railroads and historic organizations, the Great San Francisco Railroad Fair, as it was called, featured both historic and modern steam and diesel locomotives, passenger and freight cars.

The Fair took place along the Embarcadero on the Port of San Francisco Belt Railway tracks opposite Pier 29.

Francisco Lopez Barredo, president, TMM, signs agreement with Port of San Francisco. Also participating are (from left) Port Commissioners James Rudden and Anne Halsted; Port Commission President Arthur Coleman; Mayor Dianne Feinstein; Luis Goya, general manager Ports and Container TMM; and Eugene Gartland, executive director, Port of San Francisco.

Mexican Line Moves In

Francisco Lopez Barredo, president of Transportation Maritima Mexicana, S.A. (TMM), Mexico City, and other top officials for Mexican Line flew to San Francisco to sign the 10-year agreement moving the line's Northern California port-of-call to San Francisco.

Mexican Line, the national flag carrier of Mexico, is a service of TMM and has called Northern California since 1982.

The signing was held in the City Hall office of Mayor Dianne Feinstein. President Barredo signed the agreement for the Mexican shipping line while Mayor Feinstein and Port Executive Director Eugene Gartland signed for the City and Port of San Francisco.

Seven ships currently are employed in the line's transpacific service between Mexico and the Far East and call San Francisco both inbound and outbound. This makes San Francisco the first discharge port for cargo from the Far East and the last loading port before the ships return to Asia.

The *M.V. Colima* initiated the line's move to San Francisco in April. Since then the remaining ships in this service have made their maiden San Francisco calls.

The *M.V. Mitla*, sistership of the *Colima*, provided the backdrop for a reception at South Terminal honoring Mexican Line. Honored guests included TMM President Barredo, Luis Goya, TMM general manager, Mario Ronzon, TMM representative on the West Coast, and Captain Blank, *M.V. Mitla*. Participating in the event were Trans-American Steamship Agency, Inc., U.S. general agent for Mexican Line, and California Stevedore and Ballast Company, operators of South Terminal.

A mariachi band sets the tempo for a reception on North Terminal honoring Mexican Line and their establishment of San Francisco service.

Mitla, like *Colima*, is a 46,000 dwt multipurpose ship built in 1985 and owned by TMM.

A third TMM-owned vessel, the seven-year-old *M.V. Merida*, called San Francisco for the first time in May. Also a multipurpose ship, its container capacity is 820 TEUs.

The four remaining ships in the service are charter vessels. The *M.V. Woensdrecht*, the *M.V. Wieldrecht* and the *M.V. Waardrecht* are five-year-old sisterships owned by a Dutch shipping company. Sixty 40-foot reefer containers filled with Mexico's popular Corona Beer were discharged on the *Wieldrecht*'s first call. Twenty-nine dyes for manufacturing motor cars were discharged on the maiden call of the *Waardrecht*, June 29, to be shipped by rail to the Ford Motor Company, Detroit.

The seventh ship, the *Pacific Princess*, is used especially for carrying refrigerated cargo and has the largest reefer capacity of any ship in the service.

Captain Orozco Deniz Alberto, *Merida*, is welcomed to San Francisco on the ship's maiden call by Terry Hamid (left), Port of San Francisco and George Hollinger, operations, Trans-American Steamship Agency Inc., agent for Mexican Line

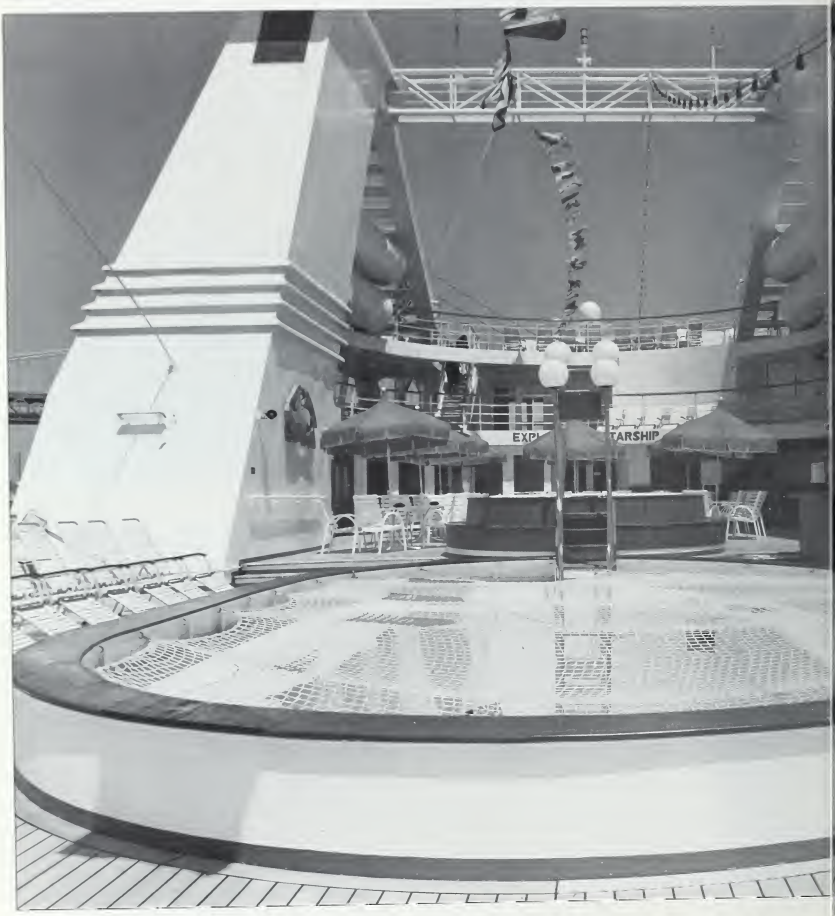
Explorer Starship is Luxury in a Small Package

Pool deck and the distinctive twin stacks of *Explorer Starship*

The 250-passenger *M.S. Explorer Starship*, Exploration Cruise Lines, new $40 million luxury mini-liner, made its San Francisco debut May 10-11. The cruise ship had just completed its inaugural season in the Caribbean and was enroute to Alaska to begin its first season cruising the Inside Passage out of Prince Rupert, British Columbia.

The *Explorer Starship* was docked at Pier 30-32 hosting travel industry representatives and City and Port officials.

The 8,282-ton 408-foot vessel is the newest addition to Exploration's fleet of smaller ships designed to navigate places inac-



cessible to large ships. Exploration Cruise Lines has been operating small ships out of San Francisco on cruises through the California Delta since March 1982.

Though diminutive, *Starship* features all the amenities of state-of-the-art liners—fully-equipped health club with spa and sauna, swimming pool, night club, lounges and casino. All 124 staterooms are outside cabins with color televisions/VCR units and fully-stocked refrigerator mini-bars.

Carried on the ship's stern is the 120-passenger launch/landing craft, *Baby Starship*, which enables passengers to explore hidden coves and go ashore in remote areas and small villages where no docks are available.

Exploration Cruise Lines, founded in 1972 by Robert Giersdorf, was acquired by Anheuser-Busch in 1985. Giersdorf continues to handle management of the line.

Participating in official welcoming ceremony are (from left) Captain Arne Solverg, *Explorer Starship*, Dr. Arthur Coleman, president, San Francisco Port Commission, and Robert Giersdorf, president Exploration Cruise Lines.

Passenger Terminal Adopts New Security System

All passengers and visitors boarding cruise ships at the Pier 35 Passenger Terminal are now subject to security screening.

The first of two magnometer screening systems, similar to those used in airports, was installed the first of May. The second was put into operation in mid-June.

"People have become very accustomed to security. Airports have been using security screening for over 15 years," said Ron Lord, passenger terminal superintendent for California Stevedore and Ballast Company, operators of the terminal. "With two screening stations in use, the system has not caused any back-up."

CS&B installed the equipment at the request of the steamship lines.

Passengers boarding the *T.S.S. Fairsky*, pass quickly through one of two security screening stations

M.V. Ever General sails past San Francisco skyline on its maiden voyage.

Captain Horng-chuen Wang, *Ever Golden*; Nicolas B.B. Chen, senior vice president, Evergreen International (USA) Corporation, San Francisco, and Terry Hamid, sales manager, Port of San Francisco, on the bridge deck of the *Ever Golden* on the ships maiden call to San Francisco.

Participating in the traditional plaque presentation are Victor Sun, operations, Evergreen International (USA) Corporation; Bruce Wilson, assistant vice president, Stevedoring Services of America, terminal operators of South Terminal; Captain K.H. Lee, *Ever General*, and Terry Hamid, sales manager, Port of San Francisco.

Two Evergreen Ships Welcomed

The Port of San Francisco and Stevedoring Services of America welcomed the 3480-TEU *M.V. Ever General* at San Francisco's South Container Terminal May 2. This was the ship's maiden voyage.

The *Ever General* is the second of eight GL ships (2940-TEU capacity) that Evergreen Line is turning into GX ships by "jumboizing" to increase capacity. But this is the first ship that has gone directly from the shipyard in Japan, where it was built, to the drydock in Taiwan, where a 20-meter midsection was added, without being in service.

Two Evergreen Line/Japan Line transpacific services call San Francisco on a weekly basis. The *M.V. Ever General* is in the Taiwan/Hong Kong service that calls San Francisco every Friday. The Japan/Korea service is on a Monday schedule.

The *M.V. Ever Golden* called San Francisco for the first time in June. A G-type vessel, the *Ever Golden* had been in Evergreen's 'round-the-world service before being transferred to the Taiwan/Hong Kong transpacific route.

Strong Competition Marks Fourth Annual Whaleboat Race

Twenty-two rowing teams—more than in any previous year—competed in this year's San Francisco Port Promenade Whaleboat Race, May 20.

The noontime race covered a one-kilometer course from the Agriculture Building (just south of the Ferry Building) to the Bay Bridge and back and attracted many spectators from Embarcadero Center and the financial district.

Most of the 10-person crews had been practicing for months to prepare for the spring whaleboat races that this year included the Golden Gate Cup.

The Armed Forces Color Guard opened the event with the posting of the Colors. Toe-tapping and oar-pulling music by the popular Nautilus Navy Band bridged the races.

Top three finishers in each division were: men's, Matson Navigation Company, American President Line and U.S. Coast Guard-San Francisco; coed, International Trade Council-A Team, American President Line and Port of Oakland; women's, American President Line, Embarcadero Rowing Club and Vallejo Rowing Club tied for second.

Sponsors of this year's event were Boland Trucking, Bracco Distribution, California Stevedore and Ballast Company, Amby Cononica, Evergreen Line, Foreign Trade Services, Inc., Golden Brands, Golden Sea Fisheries Company, Hyatt Regency, Korean American Chamber of Commerce, Lian Maskell, Pepe's Restaurant on Pier 39, Rusty Scupper, Star Shipping, Stevedoring Services of America and A.S. Winery.

Coming into the home stretch

Crews board boats for women's division race.

Ed Gibson's *Patience* among finishers in regatta

Port People

The Port of San Francisco was one of twenty exhibitors at the "Profits through Export" workshop held in Richmond, California, May 21. The workshop, which drew regional attention, was sponsored by the Northern California Export Development Council of Richmond and the U.S. Small Business Administration. Lt. Governor Leo McCarthy was the principal speaker. The Port's booth was manned by **John Neudecker**, manager of trade development, who answered questions and promoted the Port of San Francisco's export advantages through a continuously running slide show and by distributing brochures and other promotional materials.

Terry Hamid, sales manager, represented the Port at the annual Pacific Coast Coffee Convention held in Pebble Beach, California, May 25-27. The Port of San Francisco hosted a reception for the delegates on the opening day. A major topic of discussion was the need to establish a coffee exchange in the Bay Area. Guest speaker Ronald Johnson, San Francisco District director, U.S. Food and Drug Administration, talked of the improvements the agency has made in cargo clearance, virtually eliminating the problems experienced a year ago.

Skip Zeller, mechanical engineer and project manager of container cranes, was in Korea from May 13 to 23 to make final inspection of the Port's new cranes fabricated by Hyundai Heavy Industries. The two new cranes are due to arrive in San Francisco on July 7 aboard the *Dock Express #12*. (See separate crane story.)

Representing the Port of San Francisco, Senior Architect **Ed Gibson** with a "family" crew of seven took third place in his class in the Master Mariners Regatta May 23. His boat, *Patience*, was one of seventeen boats entered in the M-2 class of 36-foot boats. Ed's yacht is "ketch rigged." Altogether 120 boats competed in the regatta sailing a 15.3 mile zig-zag course that began at the St. Francis Yacht Club and ended on the east side of Treasure Island. The day was sunny with "more wind than I needed," Ed reported. His crew is made up of his wife, two sons, daughter, a daughter-in-law, a son-in-law and an "unrelated" friend.

Roger Peters, intermodal manager, was chairman of the Golden Gate Cup Committee, Bay Area Whaleboat Rowing Association, host and organizer of the Golden Gate Cup Whaleboat Race on May 24. The race was held as part of the Golden Gate Bridge's birthday celebration and drew 23 teams, including competitors from Massachusetts, New York and Japan. The "bridge-to-bridge" race course was 5.6 miles starting at the Golden Gate Bridge and finishing at the Bay Bridge. Bay Area teams took first place in all four divisions—men's, American President Line; women's, Vallejo Rowing Club; co-ed, International Trade Council-A Team; and youth, Sea Scouts.

If you wish your name to be added to our mailing list, please contact

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Wharfside is published bi-monthly by the Port of San Francisco

Editor: Nancy F. Pitt
Design: Williams & Ziller Design
Photographs: Air News Photos

SF
P55
#45
AUG/SEP
c.2 1987

PORT OF SAN FRANCISCO

Wharfside

August/September 1987

If Free Trade Goes Bust, What Happens to California?

COSCO'S *M.V. Bin Cheng*

If Free Trade Goes Bust, What Happens to California?

by David L. Seldon
General Manager
Connell Bros. Co. Ltd.

Do we live in a free trade world? The answer is clearly no. We *talk* about free trade but in reality it is a myth and the playing fields amongst trading nations are not level. Free trade, in fact, has gone bust.

Why else would there be major trade bills and legislation in Congress which will impact on all exporting countries, particularly in the Asia-Pacific region? California as the state having the highest dollar value of exports and imports would definitely be affected. The effect, however, may be a positive one. I tend to be optimistic.

Evolution of Free Trade

Free trade has evolved into what a friend of mine, with thirty years of experience in foreign trade, calls "regulated free trade." Twenty years ago Europe worried about the American corporate take-over of the entire continent. Today we have similar concerns about the Japanese.

After World War II foreign trade was based on the U.S. and the U.K. economic models. The then strong trading nations fixed a system of rules based mainly on bi-lateral and multi-lateral trade agreements. It worked because exchange rates between major trading partners penalized U.S. exports and favored foreign imports. Our government, mixing political and economic policies to win friends and influence foreign governments, opened the U.S. market to foreign competitors. U.S. industries and workers made no major complaints when foreign goods began to enter our large market.

In the early 70's many of America's 18 basic industries began to feel the impact of competitive products imported from rapidly developing countries. The U.S. global market share of automobiles fell from over 50% to 25%. The U.S. service sector, which was supposed to balance our trade and re-employ unemployed workers, has only a 7% world market share, a 50% decline over the past few years. Our high-tech industry has been challenged by Japan, Korea and Taiwan, and the U.S. has had to put sanctions on Japanese electronic chips.

> **"We *talk* about free trade but in reality it is a myth"**

The playing field was no longer level. The U.S. was looking up at a baseball pitcher on a very high mound. When we *could* hit the ball we found we were running up-hill to get to first base. What happened is that the world economy did not grow based on the U.S. economic model. Many economies became mixed with government ownership, even in Europe. There were centrally planned economies in Eastern Europe, in the Soviet Union and China. There were closed markets run by the governments. Market access was also controlled by governments in developing countries in Latin America, Africa and India. There were planned market economies in Asia, most notably Japan, but also Taiwan and Korea. The Asian models have proved the most successful today. These countries have achieved a significant market share in the United States and in Western Europe.

The bottom line is that the real free trade system now accounts for only 25% of world trade. Trade falling under multi-lateral supervision is less than 10%. Bi-lateral barter, counter-trade, offsets, etc. now account for 20% to 30% of international commerce and we can expect to see year-to-year rate increases in this category.

I have spent 15 years in international trade, and our company, 89 years, primarily in the Asia-Pacific region. Personally, the free and fair trade guidelines are blurred by tariff and non-tariff barriers, government regulated and managed economies, import-licensing restrictions, dumping, targeting, and import substitution against which corporate America must compete. The impact on the U.S. economy is such that it is no wonder hardball trade legislation and protectionism are more pronounced. Administration officials, many economists, and an abundant amount of businessmen feel that a tough trade bill could invite foreign retaliation against American goods just as we start to see new U.S. trade-fueled export growth.

Highlights of the Trade Bills

The House and Senate bills are a thousand pages or about as long as the novel *Shogun*. I will only hit the highlights of what will be passed to the President for signing, and if vetoed by the President, probably overridden by Congress this Fall.

> **"U.S. industries and workers made no major complaints when foreign goods began to enter our large market."**

The Trade Bill consists of S.1420 Omnibus Trade Bill which appears to be targeted mainly at Japan, Korea and Taiwan. It concerns trade legislation, strengthening patent and trademark protection laws, and clearly hints at protectionist legislation.

The Gephardt Amendment restricts imports from countries having excessive trade surpluses with the United States which are not being reduced. This amendment may actually have a very marginal effect on the U.S. trade deficit.

The Oil Import Tax (OIT) Bill proposed by Senator Bentsen appears essentially to increase the price of domestic oil in line with the price of imported oil. Downstream, petrochemical products would increase in price and affect the chemical process industries while impacting positively on the oil industry.

Other elements of the trade bills include anti-dumping, protective duties, retaliation against countries with foreign trade barriers considered discriminatory, mandatory retaliation imposing tariffs or quotas on countries which violate negotiated agreements and have a consistent pattern of trade barriers, import relief for affected workers and businesses which are hurt by imports, and authorizing the Administration's authority to make trade and financial agreements related to equal access.

Trade Bill and Our Economy

Some feel the legislation is the natural end-product of the state of our economy. The U.S. faces massive long-term problems in reducing its Federal Government debt financing of $220 billion. Even if we hit the ideal target of $30 billion in trade deficit reductions annually over the next five years, our national debt will still be $600 billion in 1991 with interest payments of $50 billion annually. Many believe we have a very serious economic problem which could turn into a disaster if we create trade wars. We have already slapped 100% tariffs on Japanese color TV's, rotary drills and power tools, desk calculators, and automatic data processing machines which equal $300 million in U.S. imports.

"The bottom line is that the real free trade system now accounts for only 25% of world trade."

In 1986 the USA had a trade deficit with Japan of $59 billion. We had trade imbalances with the Republic of China (Taiwan) totalling $15.9 billion and with the Republic of Korea totalling $8 billion. The total U.S. trade deficit in 1987 may be $166 billion dollars or six times the deficit of 1981.

Economic growth today is based on reducing the trade deficit; in other words, decreasing imports and increasing exports. Experts figure it takes two years for our currency's decline to make U.S. commodity exports competitive, and this is now beginning to happen. If you take Japan, Taiwan and Korea, where we have our largest trade deficits, the question arises as to whether these countries are not actually U.S. dollar economies. Though each country has its own local currency, balance sheets and profit and loss statements are normally denominated in dollars. Furthermore, Korea, Taiwan and Singapore currencies are tied to the U.S. dollar. So whatever the U.S. dollar exchange rate is, it would have little long-term impact on pricing of high value added products, but may reduce reported profits for the short term until U.S. dollar denominated adjustments filter through.

"California accounts for almost 12% of all U.S. manufactured exports—more than any other state."

Impact of the Trade Bill

The implementation of this trade legislation would create conflict, specifically in the Pacific Basin impacting on security and economic issues. There also might be image problems in dealing with countries where human rights and political policy are at odds with the United States.

I am personally anti-protectionist because I believe this could cool our economy, contribute to a recession in the U.S., and fuel the fires of global hostilities. I am a free trader and hope that this legislation leads to a level playing field, voluntary restraints and equitable trade liberalization and market access.

While this trade legislation has the capacity for impact, I would prefer to see American industry develop competitive and technological advantages, create products and technology designed for international markets and develop marketing strategies geared toward the target cultures and systems of our export customers.

I hope that we can refrain from trade sanctions against specific countries because eventually U.S. manufacturers will have a competitive advantage as we gradually become a lower cost manufacturing country and a high-tech leader in certain areas.

Outlook for California Trade

California's future importance to, and participation in, foreign trade should be bright. Trade flows have shifted over the last decade from the Atlantic to the Pacific benefiting California. We share the Pacific Rim with Asia and are in an excellent geographic and economic position to benefit from increasing trade with the Asia-Pacific region. Since 1983, or even earlier, 50% of all inbound and outbound cargo moving through our Port is direct foreign trade with the Far East, specifically Japan, Taiwan and Korea.

California accounts for almost 12% of all U.S. manufactured exports—more than any other state.

California's agricultural industry is expected to reach $15 billion in sales for 1987, with growth in exports generally due to the unsubsidized producers of such commodities as rice, almond, grape and kiwi.

California has a large service sector which should benefit from strong export potential, especially the transportation and insurance services.

Despite a significant trade imbalance, California's export oriented industries account for 53% of the total manufacturing employment in our state. These industries, which include chemicals, computers and non-electrical machinery, electronic equipment, transportation vehicles, instruments and related products and agricultural products, should do better with the weaker dollar.

All 18 basic industrial segments within the U.S. must lobby for regulated free trade and show a growth bias toward exports rather than a preoccupation with protectionism. California and West Coast ports have a lot to gain from a reversal of the trade imbalance.

Free trade as we knew it until the 70's has gone bust. International trade is now a permanent imperative though the rules of the game and the comparative advantages of the players will continue to change.

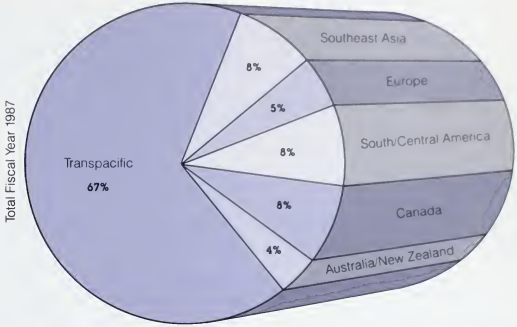
Port of San Francisco's Corner on Trade

As the dominant trade route, transpacific accounted for 1,728,832 metric tons or 67% of all general cargo, and 75% of all container cargo, that moved through the Port of San Francisco in fiscal year 1987. Tonnage in this route increased 14%. Major factors contributing to this growth were the addition of Japan Line at the end of fiscal year 1986, and the continued growth of Evergreen Line.

Tonnage in the Australian/New Zealand route went up with the increased frequency of Columbus Lines' service.

The largest percentage of growth was in the Southeast Asia trade route in which the total amount of general cargo increased 68%. This was primarily due to a substantial increase in tonnage handled by National Shipping Company of the Philippines.

PERCENT OF GENERAL CARGO BY TRADE ROUTE



Port Cuts New Channels to Container Terminals

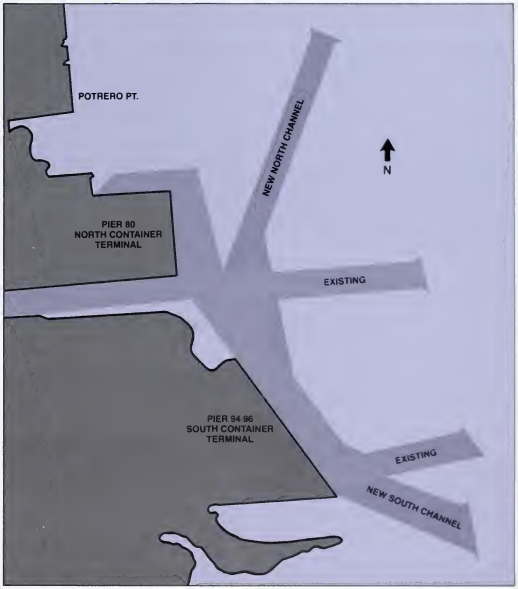
Dredging has begun for two new access channels to North Container Terminal and South Container Terminal. When completed, the new channels will allow more maneuverability in docking the new or "jumboized" large container ships under all tide and current conditions.

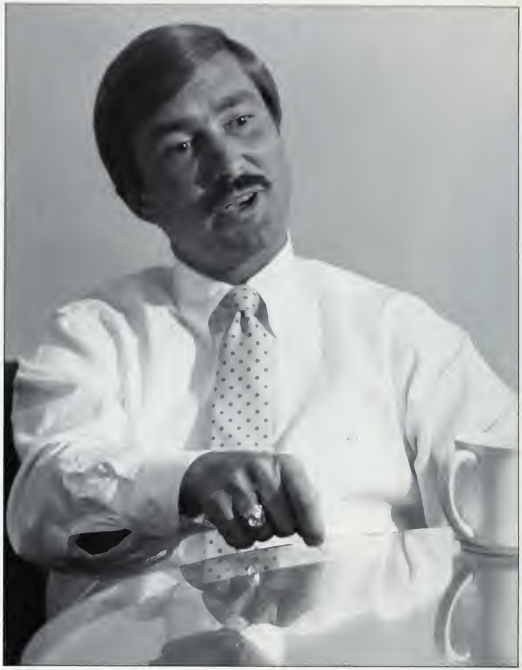
Evergreen Line, Japan Line, Mexican Line and Zim Container Service have all introduced the larger capacity container ships into their services that call San Francisco.

The two new channels more nearly parallel the natural tidal currents in the Bay and will be dredged to 42 feet and maintained at a 40-foot depth.

Under a contract awarded to Smith Rice Company approximately 700,000 cubic yards of bay mud will be removed and disposed of at the Alcatraz Disposal Site south of Alcatraz Island. Dredging is expected to be completed in November.

In establishing the new channels, the Port conferred with the Bar Pilots, shipping lines using the Port, Corps of Engineers, Bay Conservation and Development Commission, Regional Water Quality Control Board and the Environmental Protection Agency. With these two new access channels, in addition to the two existing channels, vessels of any size can be docked easily and rapidly at either the Port of San Francisco's container terminals. Upon completion of the dredging, the Port will install new navigational aids. Lighted center line ranges will mark both of the new channels and up to four additional buoys will mark the channel entrances.





Willard C. "Dub" Hay

President, Pacific Coast Coffee Association, and Director of Commodities Hills Bros. Coffee, Inc.

"Flying off aircraft carriers is a high risk business," says W.C. "Dub" Hay who did that sort of thing during his seven years as a Navy jet pilot. "But commodity buying is a high risk business, too. Sometimes, I don't know which is more hairy."

In his Navy days, the "highs" of his day were the take-offs and landings. Now they're between 6:00 a.m. and noon when he trades coffee futures through the New York Coffee Exchange.

Hay was born and raised in Rome, Georgia, an industrial and trade center in the northwest corner of the state. Never a "Willard," he was called by his initials (W.C.) "double-you-see" — which was soon shortened to simply "Dub" — a nickname that has stuck throughout the years.

He graduated from the U.S. Naval Academy at Annapolis in 1971 followed by his stint as a Navy jet pilot. After leaving the Navy, he went to work for Procter & Gamble at their headquarters in Cincinnati.

"I was in purchasing, and bought developmental chemicals. I bought all the raw materials for Pampers and Luvs; then developmental chemicals. I was not challenged," Hay remembers. Looking for something more exciting, he began wandering around other divisions of Procter & Gamble during his lunch time. "One day I saw these guys who had just returned from Brazil. They were trading coffee with three phones in their ears and cupping and spitting coffee. I knew that was what I wanted to do."

Hay got his wish and entered the coffee business as a green coffee buyer for Procter & Gamble's Folgers brand coffee. In the evenings he picked up his MBA degree in international business from Xavier University. Less than two years later on a boat off Rio de Janeiro, he met Dick Thompson from Hills Bros. The West Coast coffee company was looking for someone in commodities.

"They made me an offer to come to San Francisco—not exactly an undesirable place to live. The opportunities at Hills Bros. were too good to pass up. That was five and a half years ago."

As Director of Commodities for Hills Bros., Hay heads the department responsible for buying, blending and delivering all the coffee for the three brands—Hills Bros., MJB and Chase & Sandborn—which make up Hills Bros. Coffee, Inc., a division of Nestles Holdings, Inc. Besides simply *buying* green coffee, Hay and his staff "hedge" by trading futures contracts against the futures markets in New York and London.

"We use the futures market to try to take the risk out of buying physical coffee. For example, we might contract for Colombian coffee to be shipped in October. But we may think prices are going up or down. We use the futures market to hedge the risk of that price movement."

While commodity trading takes special skills and knowledge, it is the blending and cup testing that is considered the "art" of the coffee business. Almost everyone in

Hills Bros. Commodities Department is a taster making a coffee break at Hills Bros. a break *away* from coffee. Coffee is tasted at every step along the way . . . when it is purchased . . . when it arrives . . . and when it is blended.

"Blending coffee is very similar to what a winemaker must go through in putting grapes together. We buy green coffee from 50 different countries. Each of these countries has a different taste profile. In fact each of them has from three to 15 different taste profiles . . . depending on the altitude the coffee is grown and its preparation. They're all very distinct and different. Then each of these taste profiles can vary by season and by crop. It's the roaster's job to learn all of these subtleties . . . to be able to distinguish them by taste . . . in order to make the different blends."

While the three brands under the Hills Bros. ownership have a totally integrated operation (except for retail sales), they each have their own distinct blend.

Coffee consumption in the United States has been on a decline since 1962, according to Hay, and some argue that it is related to poor quality. When the U.S. dollar was strong many Americans traveled in Europe and tasted excellent coffee. They tried to find it in the United States when they came back . . . and couldn't . . . for a reason. Unlike Europe where coffee roasters can meet and establish prices, the United States market is very price competitive. Europeans have historically enjoyed better coffee—roasted darker for a full-bodied cup.

"It boils down to whether Americans are price buyers or quality buyers. We, the coffee companies, can give consumers whichever they want. I believe there's a definite trend now toward higher quality both in retail (supermarket) and institutional (food service, restaurants) coffees. All our new business is in fine coffees. Gourmet coffees have been excellent for the coffee business."

The coffee industry is now waiting to see if it will be operating under a quota system or not. Members of the International Coffee Organization will meet in London in September to try to work out a coffee agreement.

"Coffee is one of the few commodities where the quota system works. Right now it's the U.S. versus Brazil whether we have an agreement or not. Brazil is "semi" against it because they see a very large 1987/88 crop and are unwilling to sacrifice any share of the market. They are the biggest producer in the world. Without an agreement, they could export a larger quantity of coffee. Even if prices subsequently dropped, as the largest coffee producer, they stand to benefit over the long run. The U.S. wants quotas based on objective criteria.

"Free trade advocates tell producing countries that favor quotas and would most likely be hurt by a significant price drop, to 'grow something else if they can't make it in coffee'. But some of these countries depend on coffee for 70% to 80% of their gross national product . . . and many don't have another option. Coffee grows best in terrain so mountainous it has to be harvested by hand, terrain where nothing else can be grown. My guess is that we will have an agreement by October 1 and coffee prices will stabilize in a $1.10–$1.30 per pound price range (green coffee). We at Hills Bros. can live with . . . or without . . . a quota market."

Perhaps the most important issue facing coffee importers and processors today, and strongly opposed by the Pacific Coast Coffee Association, is the so-called Customs User Fee in the Omnibus Trade Bill before Congress.

"It is clearly not a fee, but a tax. A fee would be related to the cost of making entry and covering Customs' costs . . . not to the appraised value of the merchandise. Coffee has been duty-free for 100 years. Taxing coffee, a commodity that doesn't even compete with U.S. agriculture, places this country's coffee industry at an economic disadvantage against other beverage manufacturers. Remember the Boston Tea Party?"

The Pacific Coast Coffee Association also intends to make the West more visible in the coffee industry according to Hay who took over as the association's president in May.

"San Francisco should be a delivery point for the New York coffee futures exchange. The way it is now, if someone buys the New York futures market, he can only take delivery at New York or New Orleans. Yet one of the largest coffee roasting and processing centers is here. We think it's high time San Francisco, one of the oldest and largest coffee importing ports in the nation, be considered. We'll be making a presentation to the Coffee committee of the Coffee, Sugar and Cocoa Exchange to try to accomplish this. San Francisco has been reestablished as a good coffee port, with much of the credit going to Ron Johnson, who two years ago came in as district director of the U.S. Food and Drug Administration. He has been outstanding. We totally support and applaud the efforts Food and Drug has made in terms of working with the coffee trade and allowing it to be more self monitoring.

"We also applaud the Port in its plans to establish a coffee distribution center on Pier 30/32 and to make space available to Customs and Food and Drug.

"San Francisco has a long history in coffee . . . the Bransten family (MJB) . . . the Folger family . . . and the Hills family. That was over 100 years ago. We are proud of that, and we'd like to keep this tradition going."

What Your Taste Tells You

Coffee is evaluated for three things—body, acid and flavor. Body is how it feels in your mouth and is described as heavy, medium or light. Acid is not pH acid, but puckering. Some people, especially those that don't like it, call it bitterness. Flavor is the actual taste of the coffee and the blend.

Tasters suck the coffee from spoon to mouth with an equal amount of air and noise (like you were taught not to do), then spit it out and never never swallow it. This is no place for "Miss Manners".

The *perfect* cup of coffee will last no more than half an hour on a warmer. After that the aromatic and the flavor burn out and the water evaporates. That's why it is important to use a coffee pot that is smaller around the neck (as most of them are now) and to keep the pot covered.

Coffee Facts

- Coffee is the world's most popular drink.
- Coffee is the second largest commodity in the world after oil.
- 25 million people depend on coffee for their livelihood.
- The U.S. imports 26% of all coffee exports—the largest single coffee consuming nation in the world.
- Coffee is the second largest import through the Port of San Francisco ranked by tons (after newsprint) and by $ value (after automobiles).
- 2,800,239 bags (60 kilos each) of green coffee beans were imported through Pacific Coast ports in 1986. 87% of this was through the Bay Area ports and 63% of this came through the Port of San Francisco, increasing its market share by 3% over 1985.
- The Port of San Francisco handles 92% of all Latin American coffee imported through the Bay Area.
- San Francisco is the fourth largest coffee center in the United States, ranking after New York, New Orleans and Miami.
- Coffee processed in San Francisco is sold in almost every state and in many foreign countries.
- Shipping lines that bring coffee into the Port of San Francisco are: (from Latin America) Grancolombiana, ELMA, Lloyd Brasileiro, Navicana, Mexican Line; and (from the Far East) Evergreen Line and National Shipping Company of the Philippines.

Customs' Centralized Examination Station Opens at North Terminal

The U.S. Customs Centralized Examination Station (CES) located in Shed D at the Port's Pier 80 North Container Terminal opened August 3 in accordance with new inspection procedures initiated by Customs.

Operations and inspection at the CES has been relatively smooth considering that this is a new system, according to Peter Zigomalas, president of Port Distribution Center (PDC), the company that operates the facility for the Port. As custom brokers become more familiar with the system, it will be easier for all of us, Zigomalas said.

The CES system was established by Customs to provide service to importers while utilizing fewer inspectors. Customs selected Pier 80 to be one of just four CES sites in the Bay Area—two in San Francisco and two in the East Bay. The Customs office manned by two inspectors is directly adjacent to the CES.

Since August 3, Customs has examined cargo only at the four selected CES facilities. (Exception to this is for household and personal effects, as well as steel, oil, yachts and non-compliance POV's which will continue to be handled at non-CES locations.) Efforts will be made to have customs and FDA inspection coincide whenever possible.

The Port became interested in operating a CES in order to insure competitive rates and to provide an additional service for carriers that use the Port's terminals. This on-dock CES offers the easiest clearance of ocean cargo entering the Port of San Francisco.

The Port CES facility is open from 8:00 a.m. to 5:00 p.m. with telephone service (415-826-7100) extending an hour before opening and an hour after closing. Entry is through the Army Street gate. Once inside the terminal CES traffic moves to the left avoiding any interference with California Stevedore and Ballast Company's regular operation of the pier. Trucks follow separate lanes to the CES office where the paper work is initiated, then move onto the CES in Shed D.

The Customs SELECT facility at 501 Army Street next to the entrance to North Container Terminal is unaffected by the inspection changes.

Peter Zigomalas explains operation of Port CES to Peter Dailey.

Customs Inspector Tim Ryan, PDC Supervisor Gary Dorsey and (driving forklift) Foreman Ernest Fridia.

A covy of sailboats surrounded the *Wind Song* on each of its Bay cruises

Wind Song Tunes Up in San Francisco

During the July fourth weekend, the picturesque cruiseship *Wind Song* was in San Francisco to show what can happen when you combine the romance of sailing, with the efficiency of modern technology. The *Wind Song* is a passenger ship, but unlike today's conventional passenger liners, the newly built vessel is a sailing ship . . . a true sailing ship . . . in fact, the world's longest and tallest sailing ship with a length of 440 feet and four masts rising 205 feet above the waterline. It is also a "smart" sailing ship.

Wind Song demonstrated its abilities to the travel industry and prospective customers during a series of promotional cruises around San Francisco Bay. On Friday, July 3, city and port officials joined cruise industry and press representatives for a leisurely three-hour sail. Director of Maritime Affairs Ronald L. Stone presented a commemorative plaque to ship captain Jean-Marie Guillou, welcoming the *Wind Song* to San Francisco before it begins its year-'round seven-day cruises of French Polynesia.

Departing from the Pier 35 Passenger Terminal, the ship headed south passing under the Bay Bridge with its masts clearing the underside of the bridge by a mere four feet. Once underway, the guests were given a demonstration of the vessel's high tech capabilities. At the push of a few buttons the six great sails unfurled from the masts, and a computer took over to navigate, adjust the sails and stabilize the ship . . . all automatically. The architect of the ship, Marc Held, was aboard to point out the use of "natural" elements in the construction and decor of the vessel, such as bleached teak decks, rich leather and fine fabrics—luxurious details inspired by the masterfully crafted traditional tall ships.

Director of Maritime Affairs Ronald Stone presents Port plaque to Captain Jean-Marie Guillou

Wind Song is the second, following *Wind Star*, in a line of four identical 150-passenger ships. In San Francisco, Windstar Sail Cruises President Jean Claude Potier announced that the third ship, *Wind Spirit* will begin cruises in the Mediterranean between Nice and Athens in 1988. *Wind Saga* is scheduled for construction in 1989.

Peter Dailey hands out posters at San Francisco Fair

Port Goes to the Fair

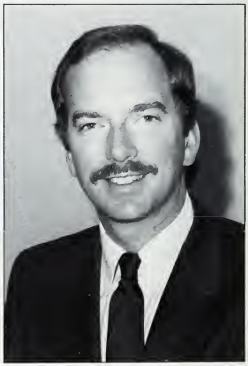
This year's San Francisco Fair and International Exhibition, August 27–30, opened at a new location in the Civic Center and with a special theme "San Francisco—Gateway to the Pacific." The theme couldn't have been more appropriate for the Port of San Francisco which does 79% of its total trade with Pacific Rim countries.

The Port's poster "Port of San Francisco—Where the Far East Begins" was the centerpiece of the Port display with 3,500 copies of the poster in one of four languages given out to visitors to the booth.

Manned by Maritime Department staff, the booth provided a fine opportunity to talk with members of the community and to answer questions on what's happening now at the Port and future plans.

Near the Port display were the pavilions representing San Francisco's six Pacific Rim Sister City countries, and all important trading partners with the Port—Australia, Japan, People's Republic of China, Korea, Taiwan and the Philippines. Hong Kong was also represented.

Peter Dailey Joins Marketing Staff



Peter A. Dailey has joined the Maritime Department as Market Research Specialist. He will assist in developing trade, meeting with shippers, consignees and carriers.

Dailey comes to the Port with a broad range of experience in the shipping industry. Most recently he was San Francisco regional manager for Nautilus Leasing Services, Inc., an ocean container lessor. Prior to that he was an account executive with ContainerFreight, operator of a container freight station and container trucking company. He also has worked on the shipping line side of the industry with Korea Shipping Corporation and Overseas Shipping Company.

Dailey holds a B.S. in Economics and Business Administration and an M.B.A. from Golden Gate University.

Sales Manager Terry Hamid presents welcoming plaque to Captain Yang Chen-yi, *M.V. Ever Grand*. With them (from left) are Patrick Mong, Evergreen International (USA) Corporation; Chief Officer Chu Chien-ching, and Nicolas B.B. Chen, Evergreen International.

Three G-Ships Switched to Taiwan/Hong Kong Route

During August the Port welcomed three Evergreen Line G-type ships at South Container Terminal on their maiden calls to San Francisco. The *M.V. Ever Govern*, *M.V. Ever Grand* and *M.V. Ever Genius* all came from the line's round-the-world service to join the Taiwan/Hong Kong route of the Evergreen/Japan Line joint service.

All eight of Evergreen Line's 3,400-TEU GX-type ships are now in its round-the-world service, together with 14 G-type ships. Evergreen has confirmed its plans to build three more GX-type ships in Taiwan for delivery in late 1988.

Long-range plans of Evergreen for the 1990's include construction of an even larger containership with a 3,500 TEU capacity and dubbed the GU-type ship. To be produced at a rate of three or four a year, these ships match Evergreen's policy of replacing its aging ships with modern vessels.

Following this most recent redeployment, one of six 2,728-TEU-capacity G-type ships in the Hong Kong/Taiwan route calls San Francisco every week on Thursday or Friday.

A second transpacific route in the joint Evergreen/Japan Line service is to Japan and Korea and calls San Francisco every Monday. This route now utilizes three 1,810-TEU-capacity L-type ships and two Japan Line ships, the 1,919-TEU *Japan Apollo* and the 1,692-TEU *Japan Alliance*.

Knutsen Line Resumes San Francisco/Fremantle Service

Knutsen Line A/S of Haugesund, Norway, and Fremantle, West Australia, has announced the resumption of its service between Australia and the U.S. West Coast. This service was discontinued in 1981.

San Francisco had been a regular port-of-call for Knutsen Line since the 1930's in its services to South America, then the United Kingdom, the Orient and finally to Western Australia when that service was established in 1954.

Knutsen now operates a fortnightly service between Western Australia and Japan, Korea, Taiwan and Hong Kong. Completely containerized, the new service will connect in Far East ports with Japan Line vessels calling on the West Coast. Cargo destined for San Francisco, Los Angeles or Seattle will be carried with Knutsen Line's service from Fremantle to Busan where it will be transhipped to the vessels of Japan Line's weekly service. In the opposite direction transhipment to Knutsen Line's vessels is affected in Hong Kong and Kaohsiung.

The company is accepting refrigerated cargo in 20' reefer and dry cargo in 20' and 40' standard containers between Fremantle and the West Coast ports.

Merit Steamship Agency, Inc. is U.S. agent for Knutsen Line.

Evergreen Line was well represented at the Port of San Francisco reception in Chicago. (from left) Joan Frintner, Pat Jones, Robin Murray, Ken Carney, Marybeth Thomas and Wesley Brunson. Brunson is deputy junior vice president and manager of the Chicago office located in Oak Brook.

Port People

Chicago area shippers, consignees, carriers and their agents were guests of the Port of San Francisco at a reception on June 26 at the Chicago Yacht Club. Attended by 150 guests, the reception culminated a 5-day midwest marketing trip by Executive Director **Eugene L. Gartland** and **John Neudecker**, director of Trade Development. During the week, the Port directors together with **Jerry File** of Trans Trade Inc., the Port's midwest representative, visited offices of shipping lines and their major shippers and consignees promoting the advantages of intermodal shipping through the Port of San Francisco. Rail traffic through the Port grew 85% in 1986 due in large part to the expanded on-dock Intermodal Container Transfer Facility, competitive rates and easy access.

3rd Officer Stefan Zucker explains instruments on the bridge to Cub Scouts and Den Mother.

Cub Scouts Tour Columbus Line Ship

Nine cub scouts got a close-up look on August 3rd at what working on a large container ship is really like.

The 10-year-old Marin county scouts from Pack 39 boarded the *M.V. Columbus Virginia* docked at the Port of San Francisco South Container Terminal before the longshoremen crews came to discharge and load cargo. Third Officer Stefan Zucker gave the scouts a bow-to-stern and bridge-to-engine room tour of the ship explaining "how things work" and "why."

Columbus Line's Bernd Gadow, assistant vice president, Pacific Coast-North America, as well as a "scout father," arranged and supervised the tour. Columbus Line has been calling San Francisco since 1962 in its service to Australia/New Zealand.

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Wharfside is published bi-monthly by the Port of San Francisco

Editor: Nancy F. Pitt
Design: Williams & Ziller Design
Photographs: Air News Photos

SF
P55
#5
OCT/NOV
1987

THE PORT OF SAN FRANCISCO

Wharfside

October/November 1987

DOCUMENTS DEPT.
NOV 3 0 1987

Future of San Francisco's Ship Repair Industry Tied to Navy

Local Ship Repair Firms Depend On Navy

The Navy accounts for an average of 88% of all the work at San Francisco's ship repair firms—a very significant figure to an industry that has suffered a serious decline over the last decade. Repair work on commercial vessels has been lost to the foreign yards where labor costs are far cheaper. In turn, the competition is keener than ever for Navy contracts, but these are difficult to win when a company is bidding for a ship against yards that have the home port advantage. San Francisco has witnessed the loss of two of its largest ship repair firms within the last year.

Having a healthy ship repair industry is also healthy for the Port and City of San Francisco. As tenants of the Port of San Francisco, the ship repair companies last year contributed $3,356,000 in rent and dockage during the 1986/87 fiscal year. And that was not even a banner year. According to preliminary figures from an economic impact study being prepared by the Port in association with Trade Information Planning Systems (TIPS), San Francisco ship repair firms contribute a substantial economic input to the City from their purchase of goods and services . . . an estimated $86,589,000 worth in 1986. In addition, ship repair was responsible for the direct and indirect employment of 3,700 full-time workers with a payroll of $107,000,000.

The available ship repair labor force stands today at around 3,000 workers as compared to 10,000 in the 1970's, according to the Bay Cities Metal Trades Council who feels there is now a shortage of workers following the years of decline.

All this could change. On August 17 the San Francisco Board of Supervisors approved a memorandum of understanding with the Navy to bring the battleship *USS Missouri* and its supporting fleet to Hunters Point, the Navy installation abutting the southern boundary of the Port of San Francisco. The battle group would call San Francisco "home". The *Missouri* could actually be stationed here as early as January 1989 or when Congress appropriates funds.

"The Missouri group would be a turning point in the declining industry," says Stuart Platt of Continental Maritime. "Workers have been worried and are facing the decision of whether or not to stay in the industry. The *Missouri* offers a solid base for the labor market in San Francisco and workers could see long-term jobs and stability in the workplace. Ship repair is factory work and it is the last large-scale factory work in San Francisco today."

Estimates compiled for the San Francisco Board of Supervisors based on recent representations from the Navy show that homeporting the *Missouri* and the accompanying fleet in San Francisco could add as much as $56,000,000 per year in contracts with local ship repair yards, and generate as many as 382 new ship repair jobs in the Bay Area. This is figured on local firms getting all of the phase maintenance work and 20% of the coastwide overhaul contracts.

The homeporting of Navy ships in San Francisco fairly assures that more contracts will be awarded to local ship repair firms.

"The Navy is now tending to award contracts for the shorter, and more frequent, maintenance work usually lasting six months or less," says Carl Hanson of Southwest Marine. "Contracts for six months or less usually . . . if not always . . . stay in the home port." One reason for this is that the Navy moves the families of the ship's crew ONLY when the job is for over six months. Consequently, if the Navy moves a ship out of its home port for a less-than-six-month job, it is faced with a crew morale problem.

Then there are a certain number of contracts that are "set asides" for home port firms. There are repairs that need to be done "on the spot," and this benefits home port firms.

Can San Francisco's three ship repair fa-

make handle the added business that a home ported battle group would create? Service Engineering's Orlando Barsetti believes that as things stand now, there is a pretty good number and allows for growth within their companies. However, with the Missouri group, San Francisco could probably support a fourth.

At the present time, Continental Maritime occupies Pier 54 and one-half of Pier 50. Service Engineering operates out of Piers 38 and 40. A lease with Southwest Marine, now at Pier 28, to take over a major portion of the Todd Shipyard property north of Pier 70 has been approved by the Port Commission pending settlement with Todd and approval of the bankruptcy court. This is expected to occur before the end of the year.

In 1986, the ship repair facilities in San Francisco handled $140 million in contracts. $117 million of it was for Naval vessels. Right now, all three major shipyards have work. The *USS Flint* and the *USS Vancouver* are undergoing maintenance and overhaul, respectively, at Service Engineering. At its Pier 50 facility, Continental Maritime has the *USS Hugh J. Gaffey* in dry-

dock. Southwest Marine is doing pier-side work on the *USS Roark* under a recently awarded $3.5 million contract.

"Today the work is 'decent'," says Barsetti. "But ships come in cycles and the troughs can be drastic. Two hundred people can be laid off in one day."

Having more Navy ships homeported in San Francisco would unquestionably bolster the ship repair industry. And it could do even more for San Francisco . . . in fact, the entire Bay region — by creating thousands of jobs and millions of dollars in economic benefits. With the multiplier effects where every "direct" ship repair job creates three "indirect" or "induced" jobs, employment would increase throughout the City, and beyond — especially benefitting those areas and industries where unemployment has been the highest. Effects of the increased payroll would ripple through the neighborhoods, the City and the suburbs fueling the economy and filling the cities' treasuries through payroll and sales taxes . . . to the benefit of every resident . . . every taxpayer . . . everyone.

James Eschen, California Stevedore and Ballast Company; Chief Engineer A. van Ooststroom; Captain E. J. Feenstra; Henk G. Pouderoyen, Nedlloyd Pacific Basin, and H. de Wit, Transpacific Transportation Company.

Nedlloyd Expands Far East/Latin America Service

The *M.V. Nedlloyd Nagoya*, a semi-containership, made its maiden call to San Francisco September 14, initiating the redeployment of vessels into Nedlloyd's monthly westbound service between the Far East and the east coast of South America, the Caribbean and the west coast of North America. Replacing the *Nedlloyds Leuve*, *Linge* and *Loire*, with the *Nedlloyd Nagoya* and three other vessels, Nedlloyd will be able to offer greater capacity and more reefer space. The 13,000 dwt *Nedlloyd Nagoya* can carry up to 543 TEUs.

Nedlloyd uses San Francisco's North Terminal operated by California Stevedore and Ballast Company.

Columbus Line and Nedlloyd Lines Form Dedicated Agencies

Columbus Line began representing itself in California the end of October with the arrival of the *Columbus California*. The line has opened its own agency offices in San Francisco and Long Beach, while continuing to use a shipping agent at other West Coast locations. Columbus was formerly represented by Transpacific Transportation Company (TransTrans).

In a companion move, TransTrans, which is a wholly owned subsidiary of Nedlloyd Lines, announced an agreement with Nedlloyd establishing a dedicated organization covering the Western States of the U.S. and Canada. By setting up its own organization, Nedlloyd hopes to strengthen its presence in the U.S. market. Offices in San Francisco, Los Angeles and Portland will be staffed with former TransTrans personnel. San Francisco will be headquarters for the Western Division. Henk G. Pouderoyen, currently assigned to San Francisco as trade manager of Nedlloyd Pacific Basin, has been appointed vice-president/general manager of the new organization.

TransTrans will continue to exist on a much smaller scale and will handle husbanding and other non-liner activities for the Royal Nedlloyd Group.

Status of the China Shipbuilding Industry

By Mr. Pan Zengxi
Vice-President, China State Shipbuilding Corporation
from a speech at the San Francisco World Trade Club

There exists today in China a domestic ship market with great potentiality. China is a large country with a long coastline and nearly 200,000 kilometers of navigable inland waterways. In our long-term planning, transportation has been set as a priority in our national economy, and water transport is a critical link. In addition, as China's foreign trade grows, our ocean fleet must be expanded and renewed correspondingly. Together, these two factors have created a market for boats and ships in China. While we are meeting our demand here at home, we are also endeavoring to expand our export of ships, marine equipment and offshore facilities, and to develop economic and technical cooperation with the outside world.

There are about 500 shipyards and repair docks in China. Over 400 of these are small ones under the control of local and regional authorities and are engaged in building coastal and river boats, fishing boats, tugs, barges, yachts—boats that play an important role in our inland and coastal transportation.

China State Shipbuilding Corporation (CSSC) is an all-China group of shipbuilders and marine equipment markers with 80 building berths and 26 dry docks in 26 major shipyards with an annual building capacity of 1.2 million dwt. CSSC also has 69 factories producing marine and stationary equipment, including diesel engines, deck machinery, navigation aids; and has 40 research and development centers engaged in hydrodynamics, ship design and production technology. With the severe depression of the international shipping market over a long period, the shipbuilding industry is declining due to the labor-intensive nature in most of the traditional shipbuilding nations. However, it is still a knowledge-intensive and capital-intensive industry for the majority of developing countries. China is one of the few countries today where the status of their technical and economic development is suited to the development of their own shipbuilding industry.

Since 1979, China has been selling ships on the international market. Over the past years, we have delivered 140 ships totalling 1,100,000 dwt and three jack-up platforms to the foreign owners; or about one third of our total production.

At the beginning of this year, we delivered a chemical tanker of 69,000 dwt and a shuttle tanker of 115,000 dwt from Dalian Shipyard to Norwegian owners. Two other sister ships will be delivered around the end of the year. In the first half of 1987 we received ship orders from abroad totalling 200,000 dwt, at a value of US$120 million, including one 2700-TEU container ship, four 280,000-cubic-foot reefer ships, one 62,000-dwt oil tanker and one 16,000-dwt multi-purpose cargo vessel.

Over the past years, CSSC, making full use of its large facilities and lifting and welding capacity, has diversified its operation. We have become engaged in non-ship production of rolling stock, diesel engines, diesel gensets, hydraulic and electric cranes, compressors, centrifuge reduction gears, steel and aluminum containers, forgings and castings, etc.

The growth of our exports has been accomplished by improving technology and management. Mathematic lofting, NC flame cutting, accuracy control in steel work and block-outfitting, as well as total quality control systems have been introduced in our major shipyards. As a result, the building period of a 36,000-dwt bulk carrier has been shortened to 6.3 months. All export ships are built in accordance with the international standards and classified to all societies including LR, GL, DNV, ABS.

Mentioning these details of our accomplishments does not mean that we are so satisfied with our present capacity that we see no room for improvement in an industry where marine technology is ever advancing to achieve new breakthroughs. Compared with the leading shipbuilding countries, the capacity of China's shipbuilding industry is still limited, and our export ships take only a tiny share of the world market. In fact, the eagerness to improve our technical strength has been evident in the technical cooperation with foreign makers. Since 1978, we have concluded about 50 license contracts and co-production agreements for the manufacture of marine equipment with foreign makers such as M.A.N./B & W, Sulzer, MWM, Siemens, Liebherr, Lohmann & Stolterfoht, KaMeWa, BBC, Pielstick, Atlas, Daihatsu, etc. Moreover, we have also established cooperative relations with foreign shipbuilders and ship consultants in the design work of some sophisticated ships, and even have explored possibilities of a joint production of certain types of ships.

The world maritime industry is confronting serious depression. A variety of predictions have been made about its recovery, and some economists even believe the present situation will be the "normal condition" of the future. I think that we all can entertain the hope that "when winter comes, can spring be far behind?"

Masahiko "Mike" Iwashita

Nippon Maritime Co. Ltd.
Tokyo, Japan; and
Representative for the
Port of San Francisco

Masahiko Iwashita is the Port of San Francisco's "man in Tokyo". Well acquainted with all of the senior shipping people there, he reports back on the latest developments affecting shipping as they occur in Japan.

Almost every working day Masahiko—or "Mike" as he is known to his English-speaking friends and associates—dashes around town in his chauffeur-driven Mitsubishi visiting shipping people. Having a car and driver is an especially valued "perk" in Tokyo. In Mike's case, it not only recognizes the horrendous traffic congestion in that city, but it also acknowledges his position as President of the Board of Directors of Nippon Maritime Company Limited and his many years of service with the company.

Iwashita has been with Nippon Maritime Company or its forerunners for his entire career—a common characteristic of the Japanese working philosophy. The success of this philosophy is being continually demonstrated by the efficiency and quality of their production output.

Born in Tokyo in 1930, Iwashita has never strayed far from his birthplace or his workplace. Within a month after graduating from Tokyo's Keio University in March, 1954, he joined Mitsubishi Shipping Co., Ltd. In April 1959 the agency department of Mitsubishi broke away from the parent company and, became an independent company. Because the company's business was limited primarily to acting as agents for States Marine Lines, the new company was named Nippon State Marine Agency Co., Ltd. In 1964 the company was renamed Nippon Maritime Company, Ltd. following the withdrawal of State Marine Lines from maritime service and a diversification of the agency's business.

"Leaving Mitsubishi Shipping I joined the newly established company (Nippon State Marine Agency) as Deputy Manager," Iwashita explains. "My major duty was to handle the ship agency business for overseas national lines. In 1972 I was promoted to Director and then to Managing Director in 1980."

Nippon Maritime currently employs 200 people in its four offices in Tokyo, Yokohama, Osaka and Kobe, and represents 29 companies on six continents. Completely independent, the company's stock is held entirely by its directors and executives.

"Our company is one of the few agencies that is 100% Japanese, both financially and in personnel. This is an important factor in our ability to do business more effectively in the Japanese market and why we enjoy such a high reputation in the Japanese trading and shipping circles. Many foreign shipping companies are beginning to realize that doing business in Japan is different than doing business anyplace else."

Headquarters of Nippon Maritime Company is the company-owned Maritime Building across the Sumidagawa River from downtown Tokyo. Iwashita's office occupies a corner of the sixth floor, surrounded by windows from which he can look out over the neighborhood below and the river beyond. The office is very neat and sparsely furnished. The few accessories command attention. One of these is the book of aerial photographs "Above San Francisco" displayed in a glass case.

Following the revitalization of the Port of San Francisco and the growth in Far East and Pacific Rim trade, in 1983 the Port selected Nippon Maritime Company as its representative in Japan. The account was put under the direction of Masahiko Iwashita who traveled to San Francisco to sign the agreement, tour the facilities and see first hand the advantages and benefits of the Port of San Francisco.

"We were, and are honored to represent the Port of San Francisco. Everyone in Japan knows San Francisco!" And everybody who is anybody in the Japanese shipping industry knows and respects Mike Iwashita. His contacts are invaluable in arranging meetings in Tokyo for visitors from the Port or important to the Port.

Iwashita has been actively involved in creating an organization in Tokyo called the "American Association of Port Authorities of Japan." The organization is not affiliated with the AAPA, but hopes to be recognized by the group and enjoy some sort of associate affiliation.

"We thought it was a good idea. In Tokyo there are 26 representatives of foreign ports, 20 of these are American ports, and 9 are West Coast ports. We meet quarterly at the U.S. Embassy."

It's hard to say when Iwashita's working day begins or ends. It is so much a part of his life. When he does manage to find a little free time, he usually spends it at home.

"I like to spend some time in the garden. Flowers mostly. It is not very big, but I enjoy it. Or work on my bonsai. That's one of my favorite hobbies. My other hobby is fishing. I don't play much golf, although it's very popular in Japan. I'm just not very good at it."

As the Port of San Francisco's "man in Tokyo," Iwashita is the Port's eyes and ears in one of today's most lucrative trading areas. He is an important member of the Port marketing team.

EDEA
TOCKHOLM

Load of newsprint rolls down stern ramp of *Medea*

Car Carrier Discharges Newsprint Along with Autos, Trucks and Tractors

Wallenius Lines, the Swedish car shipping company that last year transported over 848,000 cars, trucks and other rolling equipment worldwide, added newsprint to its cargo specialties with the arrival of the *M.V. Medea* on October 8 carrying a shipment of Finnish newsprint.

The *Medea*, a pure car/truck carrier, discharged nearly 1000 metric tons of newsprint at Pier 27–29 under a new contract to bring newsprint from Finpap, a company in Finland, for delivery in San Francisco and Los Angeles. Through the consignee, The Madden Corporation, the paper will be used by printing companies and newspapers, including the San Jose Mercury News.

"Frequency of this newsprint service will be twice a month," said Lars Adamson, Fred F. Noonan Company, West Coast general agent for Wallenius Lines. "We hope to increase the cargo volume discharged in San Francisco from 1000 tons to 2500 tons when we have enough space available on our ships." An equal amount of newsprint is discharged in Los Angeles.

This is the first time that a roll-on roll-off vessel has delivered newsprint in Northern California, and probably on the West Coast, according to Eliett Horsmen, Marine Terminals Corporation, operator of the Pier 27–29 paper terminal. MTC performs stevedoring services for this and all other newsprint terminals at the Port of San Francisco.

Newsprint is the largest import commodity in tonnage at the Port of San Francisco and the third in value following automobiles and coffee. Last year nearly 200,000 revenue tons of newsprint were handled through the Port's three newsprint terminals.

The *Medea* made two stops in port, docking first at Pier 70. After discharging automobiles, tractors and farm equipment, the ship went on to Pier 27–29.

Aboard the ship, newsprint squeeze lifts loaded the 980 large rolls of paper onto tractor trailers which moved on and off the ship via the stern ramp. The operation was completed within a single shift.

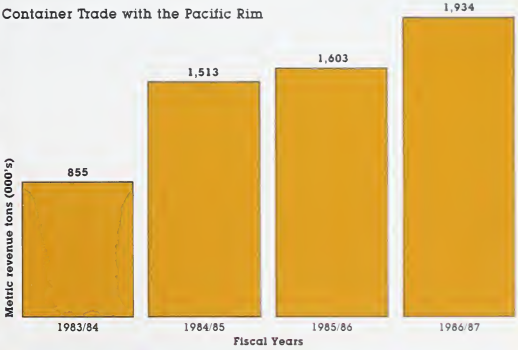
Wallenius Lines has been calling the Port of San Francisco since 1956.

Port of San Francisco's Corner on Trade

Container tonnage continues to increase in the Pacific Rim trade, which accounts for 84% of all container cargo moving through the Port of San Francisco. The top three trading partners contributing to these figures are: Taiwan, Japan and Korea.

Exports, which are now 44% of the total container cargo, and 50% of the Port's total general cargo, should increase in response to the weakened dollar and the growth of export production in the developing countries. San Francisco, traditionally an export port, is expected to benefit significantly from this increase.

Container Trade with the Pacific Rim



Navy vessels parade before reviewing stand while river boats patrol in the foreground and vintage aircraft perform overhead.

Precision is just another word for Fleet Week

Fleet Week '87 officially began at precisely 11:15 a.m. on Saturday, October 10, as the first of 12 Navy ships cruised beneath the Golden Gate Bridge while vintage airplanes paraded in formation overhead. The *USS Coronado*, flagship of the Third Fleet, led an imposing battle group past thousands of spectators perched on the headlands and hills and highrises, along the waterfront and on Municipal Pier. Included in the procession were guided missile cruisers and destroyers, frigates, an amphibious assault ship and a high endurance Coast Guard cutter. Closer to shore, high speed river boats demonstrated their maneuverability.

Then all heads turned skyward. Performing above was a vintage bi-plane executing aerial acrobatics, a parachutist gliding earthward to an exact premarked "X", and finally, the Blue Angels. Piloting their new F-18 Hornets, the U.S. Navy Flight Demonstration Squadron, as they are officially known, displayed their trademark precision flying techniques—the tightly-packed diamond formation of four jets, the opposing solos, and the spectacular six-jet delta formation. At times their wing tips were only 36 inches apart.

During the six days of Fleet Week, October 10–15, the Navy ships were berthed at Port of San Francisco piers and open to the public. The Red and White Fleet ferried visitors from Pier 30–32 to the *USS Carl Vinson*, "San Francisco's own" aircraft carrier, berthed at its home base across the Bay in Alameda.

San Francisco looked even more like what Mayor Dianne Feinstein calls a "true Navy town," with the Port's three major ship repair firms, Service Engineering, Southwest Marine and Continental Maritime, all servicing Navy ships.

The remainder of Fleet Week was filled with special parties and events for military personnel, and the thousands of visiting sailors enjoyed themselves in the City as they celebrated the Navy's 212th birthday.

Blue Angels flying two up and two upside down swoop over San Francisco Bay.

Winner Robert Darling nears finish line

Smooth Running of Fleet Week Challenge

At 8 o'clock Sunday morning, October 11, the Presidio's Crissy Field came alive with the blast of a howitzer cannon signaling the start of the fourth annual Fleet Week Challenge Run. The five-mile course hugs the waterfront stretching along the Marina Green and Fort Mason, past Aquatic Park and Fisherman's Wharf, down the Embarcadero and finishing on Pier 30–32, just south of the Bay Bridge. The race is held in conjunction with San Francisco's traditional Fleet Week celebration and attracts both civilian and military runners. This year approximately 1,000 civilian and 800 military personnel participated.

Sponsored by Friends of the Port, the race this year was managed by RhodyCo Productions. "Everything went very smoothly," reported David Rhody. "We even registered 500 people at Crissy Field during the 45 minutes before racetime. The Navy Band attracted the runners to the starting line, and Gil Rudd, Captain of the Blue Angels and a race participant himself, gave the signal to fire the howitzer."

Robert J. Darling of the U.S. Army Presidio, a well-known competitive runner, came in at 25 minutes and 43 seconds. Second place for men went to David Monroe of New York City (26:00), and third to Mark Gregor of Nevada (26:01).

The fastest woman was San Franciscan Meighan McGee, who is coached by Darling, winning with a time of 29:38. She was followed by Molly Burke (30:27) and Tanya Savory (31:15), both also from California.

The names of both Darling and McGee will be engraved on the perpetual Blue Angels trophies on display in the Port of San Francisco's Ferry Building offices.

In the team category, first place went to the U.S. Army Presidio with an average time of 28 minutes flat, second to the Port of San Francisco team (28:06), and third to the Pace Setters, a Navy team from Treasure Island (28.58). Team score was the average time of the first five finishers.

The oldest and youngest runners were both Bay Area residents. Seventy-five-year-old David Rogers finished in 35 minutes. Dino Daniels, 13 years old and making a name for himself in local events, came in at 29:24.

As they crossed the finish line at Pier 30–32, every participant received a commemorative t-shirts and "cool down" refreshments.

Contributing sponsors of the race were Pier 39, Frozfruit, Yoplait, Mother's Cookies, Safeway and a'Sante.

Propeller Club guests enjoy the flavors of San Francisco.

National Propeller Club Feted

The foods and flavors of San Francisco took over Pier 35 the evening of October 15 at a reception for members of the Propeller Club of the United States hosted by the Port of San Francisco. The national maritime organization was in the Bay Area for its Annual Meeting.

Prior to the reception, former Secretary of State and an announced candidate for the Republican Presidential nomination in 1988 Alexander M. Haig, Jr., spoke to the group on the role of the U.S.-flag merchant fleet in national defense, maritime policy and its expected level of support by the political candidates.

Approximately 300 members and guests enjoyed typical foods of Chinatown, Japantown, North Beach and Fisherman's Wharf served amid the appropriate decor and entertainment.

Terry Hamid, Port of San Francisco; Captain Wan Hung-yuan, *Ever Guard*, and Victor Sun, Evergreen International (USA).

Evergreen Continues Ship Moves

Evergreen Line continued rotation of its 2,728-TEU G-type ships between the Hong Kong/Taiwan route and the round-the-world service. Two of the ships, the *M.V. Ever Guard* and the *M.V. Ever Guide*, made maiden calls to San Francisco in September and October. Utilizing six G-type ships, this service calls San Francisco's South Container Terminal every Friday. Built in 1983, the *Ever Guard* and *Ever Guide* were the first two G-type ships in Evergreen's fleet. There are now 20.

In September, 5% of the shares of Evergreen Marine Corporation (Taiwan) Ltd., the principal company within the Evergreen Group, was placed on the Taipei Stock Exchange. Until then, the Evergreen Group had been a private enterprise controlled by its founder and Chairman, Y. F. Chang. Taipei Stock Exchange regulations restricted the offer to Taiwanese nationals. EMC (Taiwan) showed a profit for the first half of 1987 of US$32.3 million after taxes on a revenue income of US$342.3 million. This represents a return on revenue of 9.44% after taxes.

Executive Director **Eugene L. Gartland** was in Osaka, Japan, October 13–17 to participate in the celebration of the 120th anniversary of the opening of the Port of Osaka and the 20th anniversary of the sister port relationship between the Ports of San Francisco and Osaka. Activities and events were scheduled all year and included the Melbourne/Osaka Double-Handed Yacht Race 1982 from March to May, a sister port festival in September and the memorial day celebration October 16.

Osaka became San Francisco's first sister port on October 26, 1967 signing a joint declaration to "enhance friendly relations and contribute to the prosperity of the Ports and the citizens they serve." Since then the two ports have exchanged much valuable operational and business information. Since 1982, the Ports of Osaka, San Francisco and Shanghai (a sister port to both Osaka and San Francisco) have met regularly in what has become biennial tri-port conferences.

Chefs Renee Jones, Mike Wimpress and Nelson Alvarado.

Celebrating the end of summer, Port employees got together on the Ferry Building deck September 3 for a Pre-Labor Day Barbecue. Commercial Property Department's **Mike Wimpress** organized the lunchtime event and together with some "designated cooks" from the accounting and engineering departments fired up the "ol' Webers" and turned out some of the best barbecued ribs, chicken, shish kebab and hot links around. A line-up of salads and desserts completed the feast.

Eugene Gartland Honored by Museum Association

Executive Director Eugene L. Gartland was one of three prominent maritime individuals honored by the National Maritime Museum Association September 30 for their contributions to maritime history, the maritime industry and the National Maritime Museum. The other honorees were Thomas B. Crowley, CEO of Crowley Maritime Corporation, and Tom Blackaller, preeminent sailor and captain of the America's Cup challenger, the *USA*. The black tie dinner was held in celebration of the centennial of the merchant sailing ship *Balclutha*.

Dr. Arthur H. Coleman, president of the Port Commission, introduced Gartland and reviewed his accomplishments and contributions to the growth of the Port.

Since Gartland became director in 1983, San Francisco has again become a viable, competitive port, Coleman noted. Container tonnage has doubled, operating revenue has increased 35% and the long-needed Fisherman's Wharf breakwater that also protects the Museum's historic vessels was built.

The National Maritime Museum Association works with the National Park Service and provides support funding for the Maritime Museum, the historic vessels at Hyde Street Pier, the *Balclutha*, and for other activities. It also operates the national landmark vessel, the *USS Pampanito*, a World War II fleet submarine moored at Pier 45.

Manager of Trade Development **John Neudecker** represented the Port at China Portex 87, held September 18–24 in Shanghai. The international port equipment and modern management exhibition was the first of its kind in China, a country whose ports are looking toward increased modernization. Ports from Japan, Europe and the United States were invited to share their experience, technology and ideas.

Manning San Francisco's booth, Neudecker handed out promotional literature and answered questions on the Port's terminal planning, vessel traffic systems and trade development. The Port of San Francisco's booth was one of the most visited, according to Neudecker, because of the great interest in, and recognition of, San Francisco by the people of Shanghai.

As a participant, he addressed a reception hosted by the city's Ministry of Communication and Municipal Government and chaired a seminar on city/port relations. Also during his stay in Shanghai he visited the Zhanghubanz Container Terminal and the offices of COSCO. Shanghai, a sister port to San Francisco, is the largest port in China with an annual throughput of nearly 100 million tons.

En route to Shanghai, Neudecker stopped at Tokyo to meet with the Port's representative in Japan, Nippon Maritime Co., Ltd., and to visit the Tokyo offices of the carriers that call San Francisco.

Port of San Francisco's booth at China Portex 87.

John Neudecker with members of the COSCO staff in front of their Shanghai office.

PORT PEOPLE

At its September 9 meeting, the Port Commission presented a commendation to **Jerry Evitts** who is retiring after seven years of outstanding service to the Port as Container Crane Superintendent. As the "father" of the Port's Crane Maintenance Division, Evitts developed and implemented the plans on which the division was created. Since then he has continued to work toward increasing the reliability, safety and cost savings of the division. He originated and put into use the preventive maintenance program, initiated the use of personal computers for maintenance management and the telemetering of crane diagnostics, and directed several innovative crane modifications. His excellent organizational and leadership skills have helped bring the Port of San Francisco to its current status as a leader in container crane maintenance.

Port Commission President Arthur Coleman presents commendation to Jerry Evitts, center. At left is Arthur Osborne, director of Engineering and Maintenance.

Number 189 from Oporto, Portugal.

Old Number 578 on the Embarcadero.

Historic Trolleys Test Rail Plan

The San Francisco Municipal Railway used two historic railcars to demonstrate the potential of its long-term plan to extend the "F"-line to the northern waterfront. Using tracks of the Port Belt Line Railroad, the railcars shuttled along the Embarcadero between the Embarcadero Center/Ferry Building and Pier 39/Fisherman's Wharf for six weekends in September and October.

As the run ended October 17, Muni reported excellent ridership results. About 70% of the cost of operating the Embarcadero service was covered by farebox revenues alone, compared to other Muni services which pay for only about 29% of their costs with fares.

Both railcars used for the Embarcadero test have been featured in the Market Street Summer Trolley Festival.

Number 578 is an original San Francisco railcar, and the oldest operating in the United States. Built in 1895, the same year Golden Gate Park was completed, it originally was used to bring passengers from downtown to the park. Similar in design to cable cars, its side benches and platforms at both ends are open to the air. The car was restored by Muni in 1956.

The other railcar, number 189, is an enclosed car built in Philadelphia in 1912. It operated for 70 years in the city of Oporto, Portugal.

The cars are designed to run along rails using power supplied by overhead electrical wires. Unlike Market Street, the Embarcadero is not electrically wired, so diesel generators were attached to the cars for power. The cars ran at 15 minutes intervals and reached speeds of 8 mph.

The "F"-line plan is currently under study and if adopted, rail cars would run up Market Street beginning at Castro, and then along the Embarcadero to the Wharf area. A rail connection would have to be built through, or around, Justin Herman Plaza at the foot of Market Street.

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Wharfside

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Wharfside is published bi-monthly by the Port of San Francisco

Editor: Nancy F. Pitt
Design: Williams & Ziller Design
Photographs:
Air News Photos
Steve Danford, National Maritime Museum Association
Laure Oliver

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PORT OF SAN FRANCISCO

Wharfside

December 1987

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SPECIAL ANNUAL REPORT ISSUE

Front cover: New container cranes are delivered to San Francisco.

PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO

PORT OF SAN FRANCISCO
FINANCIAL STATEMENTS
AND ACCOUNTANTS' REPORT

JUNE 30, 1987 AND 1986

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Accountants' Report

The Honorable John C. Farrell, Controller
City and County of San Francisco

We have examined the balance sheet of the PORT COMMISSION, CITY AND COUNTY OF SAN FRANCISCO, PORT OF SAN FRANCISCO (Port) as of June 30, 1987 and 1986, and the related statements of income and retained earnings and changes in financial position for the years then ended. Our examinations were made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the aforementioned financial statements present fairly the financial position of the Port as of June 30, 1987 and 1986, and the results of its operations and the changes in its financial position for the years then ended in conformity with generally accepted accounting principles applied on a consistent basis.

Hood and Strong
Morris, Davis & Company
October 2, 1987
San Francisco, California

Balance Sheet

June 30, 1987 and 1986 (in thousands)

Assets		1987	1986
Current assets	Cash: principally in City Treasury—Port operating fund	**$24,033**	$21,061
	Accounts receivable (less allowance for doubtful accounts: 1987 – $741, 1986 – $1,554)	**2,129**	2,348
	Accrued interest receivable	**896**	1,651
	Materials and supplies	**982**	911
	Prepaid insurance and other assets	**1,550**	1,527
	Total Current Assets	**29,590**	27,498
Restricted assets	Cash and short-term investments:		
	Capital outlay	**26,740**	35,728
	Bond interest and redemption	**9,768**	11,072
	Lessee deposits held in trust	**1,045**	885
	Total Restricted Assets	**37,553**	47,685
Property, plant, and equipment — Net		**180,650**	171,712
Long-term receivable		**346**	315
	Total	**$248,139**	$247,210

Liabilities and Equity		1987	1986
Current liabilities	Accounts payable and accrued liabilities	**$10,081**	7,828
	Current maturities of bonded debt	**3,635**	3,520
	Accrued bond interest payable	**253**	273
	Total Current Liabilities	**13,969**	11,621
Payable from restricted assets	Accrued bond interest payable	**2,571**	2,588
	Lessee deposits	**1,045**	885
	Total	**3,616**	3,473
Deferred rentals		**8,948**	9,283
Bonded debt	Less current maturities	**85,232**	88,765
	Total Liabilities	**111,765**	113,142
Equity	Contributed capital	**15,208**	15,208
	Revaluation of property	**56,063**	56,063
	Retained earnings	**65,103**	62,797
	Total Equity	**136,374**	134,068
	Total	**$248,139**	$247,210

The accompanying notes are an integral part of this statement.

Statement of Income and Retained Earnings

Years ended June 30 1987 and 1986 (in thousands)

		1987	1986
Operating revenues:	Property rentals—commercial	$16,607	$14,697
	Property rentals—maritime	4,929	4,809
	Wharfage, dockage and demurrage	5,670	6,336
	Commercial power	923	1,545
	Other	1,328	2,934
	Total Operating Revenues	29,457	29,411
Operating expenses:	Operations	11,030	9,560
	Maintenance	10,472	9,592
	Depreciation	4,129	3,651
	Commercial power	733	804
	Fire boat operations	920	997
	Total Operating Expenses	27,284	24,664
Operating Income		2,173	4,747
Interest Income		3,025	3,150
Interest expense		(2,892)	(3,886)
Net Income		2,306	4,011
Retained earnings—	Beginning of year	62,797	57,746
Retained earnings—	End of year	$65,103	$62,797

The accompanying notes are an integral part of this statement.

Statement of Changes in Financial Position

Years ended June 30 1987 and 1986 (in thousands)

		1987	1986
Sources of funds	Operations:		
	Net income	**$2,306**	$5,051
	Expenses not using working capital—depreciation and amortization	**4,231**	3,734
	Revenue not providing working capital—Fire insurance proceeds		(1,776)
	Recognition of deferred revenue	**(335)**	(486)
	Total From Operations	**6,202**	6,523
	Decrease in restricted assets	**10,132**	
	Increase in liabilities payable from restricted assets	**143**	2,600
	Total	**16,477**	9,123
Uses of funds	Increase in restricted assets		445
	Acquisition of property, plant, and equipment	**13,067**	4,232
	Reduction of noncurrent bonded debt	**3,635**	2,970
	Additional long-term receivable	**31**	315
	Total	**16,733**	7,962
(Decrease) Increase in working capital		**($ 256)**	$1,161
Working capital increase (decrease) by component:	Cash	**$ 2,972**	$ 949
	Accounts receivable	**(219)**	(413)
	Accrued interest receivable	**(755)**	(85)
	Materials and supplies	**71**	331
	Prepaid insurance and other assets	**23**	678
	Accounts payable and accrued liabilities	**(2,253)**	(240)
	Current maturities of bonded debt	**(115)**	
	Accrued bond interest payable	**20**	(59)
(Decrease) Increase in working capital		**($ 256)**	$1,161

The accompanying notes are an integral part of this statement.

A Year of Achievement

1986–87 was a year of getting things done . . . and getting new things started.

- After over 20 years of talking and planning, the Fisherman's Wharf breakwater was completed.

- A new 36-acre Intermodal Container Transfer Facility was built adjacent to the container terminals expanding San Francisco's rail capabilities as the only California port with an on-dock ICTF.

- To handle the now and future large-volume cargo vessels, the Port purchased two state-of-the-art container cranes and completed plans to dredge deeper access channels to the container terminals.

- A new concept was adopted for the passenger terminal that would double berthing capacity and improve "sailing day" efficiency to keep San Francisco a first-class port-of-call.

- Vacancies in commercial property at the Port were reduced to a level well below the City average.

- Cargo tonnage moving through the Port of San Francisco increased 8%.

- The Port strengthened its efforts to preserve and promote San Francisco's ship repair industry, the largest blue collar employer in the City, through its support of homeporting Navy vessels.

- The Port initiated a Fisherman's Wharf design plan that will secure the future of the commercial fishing industry in San Francisco.

- Internal data processing capabilities were dramatically expanded and upgraded. This will increase operating efficiency and service to Port customers.

- Trade development was expanded to strengthen the ability of the Port to create cargo opportunities for the shipping lines.

The Port of San Francisco which operates on a self-supporting basis and receives no taxpayer assistance, this year earned a net income of $2,892,000 as revenue reached $29,457,000. Expenses also rose due to increased insurance and legal costs.

San Francisco is a broad-based port providing the services required to encourage growth in each of five distinct markets—cargo handling, ship repair, commercial fishing, passenger services and commercial property. The goal of the Port is to maintain and improve the competitiveness of each of these markets for the economic benefit of the Port, the City and the citizens of San Francisco. In addition, the Port develops and maintains waterfront recreational areas for everyone to enjoy.

The centerpiece of the fourth largest market area in the country, San Francisco is the financial center of Northern California and the hub of business activities involved in international trade. Against this rich background, the Port has created unique niches for its shipping lines and its marketing areas.

EVER GIVEN

MARITIME

In fiscal year 1986-87 the Port of San Francisco increased its position among West Coast ports as an active and aggressive participant in international trade. While the general cargo tonnage moving through Northern California ports increased 4%, San Francisco's tonnage increased 12%.

Maritime development accounted for $10,500,000 of the operating revenues this year. The addition of four new shipping lines and the growth of the Port's other shipping lines largely made up for the discontinuance of West Coast transpacific service by Lykes Line, Mexican Line (Transportacion Maritima Mexicana), operating a service between the Far East, West Coast and Mexico; South Seas Steamship Company serving South Pacific islands; Canadian Trade Line in a service from British Columbia to Panama; and Compania Peruana de Vapores, serving Latin America, either moved to or established their operations at the Port of San Francisco.

In November 1986, the Port dedicated its new 36 acre Intermodal Container Transfer Facility (ICTF) adjacent to South Container Terminal, expanding the on dock rail capabilities it has offered since 1984.

Transpacific continues to be the dominant trade route and is growing. This year the transpacific trade accounted for 67% of all general cargo and 75% of all container cargo handled by the Port of San Francisco. Tonnage in this route increased 14%. Major factors contributing to this increase were the continued growth of Evergreen Line and the addition of Japan Line at the end of the last fiscal year.

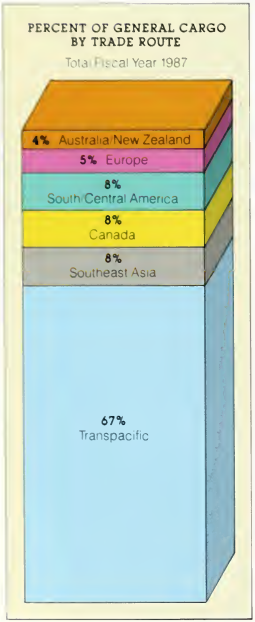
Tonnage in the Australia/New Zealand route went up with the increased frequency of Columbus Line's service.

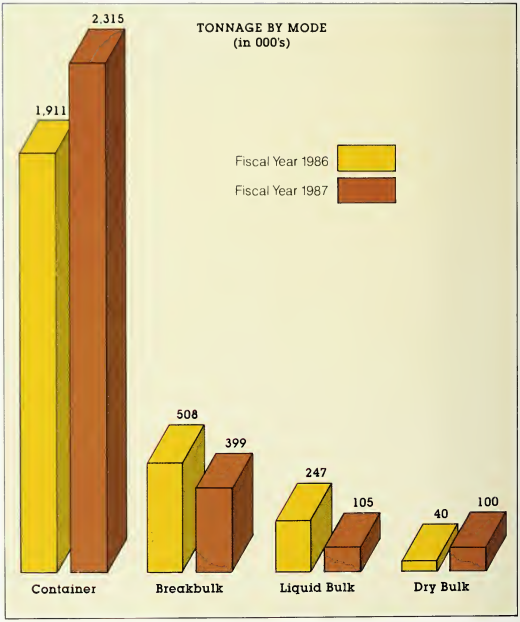
The largest percentage of growth was in the Southeast Asia trade route in which the total amount of general cargo increased 68%. This was due primarily to a substantial increase in tonnage handled by National Shipping Company of the Philippines.

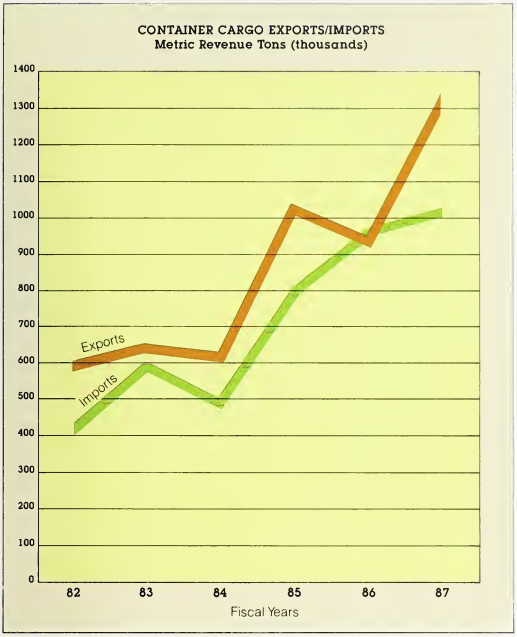
The South/Central America trade route handles one of San Francisco's major imports—coffee. This year 92% of all Latin American coffee imported through the Bay Area was handled by the Port of San Francisco. To further strengthen the Port's commitments in this area, the Port this year appointed a representative for Latin America and established a new sister port relationship with the Port of Guayaquil, Ecuador.

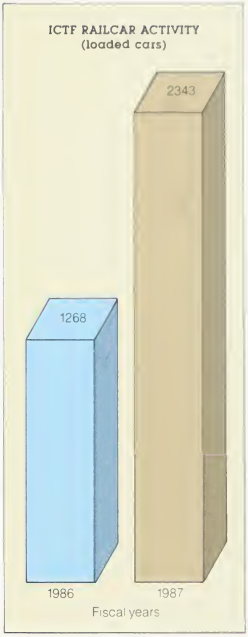
Cargo Handling

Total cargo tonnage increased 8% this year rising to 2,919,000 metric revenue tons. The most significant increases were









in general cargo and container. General cargo rose 12% with container cargo showing a 21% increase. This containerized cargo amounted to 104,000 TEUs. Total intermodal tonnage handled this year was 365,000, a 16% increase over 1985–86.

Exports accounted for 51% of the total cargo and 56% of the containerized cargo. This is an increase over last year when exports were only 45% of total cargo and 50% of container cargo. Major exports were animal feed, cotton, scrap metal and waste paper; while leading imports were automobiles, coffee, newsprint and fish/meat products.

The only significant decline was in liquid bulk. This was due primarily to the decrease in bunkering activity in San Francisco and the drop in coconut oil imports during the restructuring of the Philippine-owned importing company.

Increased efforts were made this year to generate new cargo for the lines using the Port. For example, San Francisco's cargo base was expanded with the establishment of a waste paper compression facility on the Southern Waterfront. Waste paper is the highest volume export for all Bay area ports and will continue to grow.

Modernization of facilities continued this year with addition of new equipment and services to handle the larger vessels and to attract the high-value discretionary cargo. Two new 40-long-ton, 100-foot-gauge container cranes, designed by Paceco and fabricated by Hyundai Heavy Industries, arrived at North Container Terminal. These cranes, which have the height and reach to handle the larger ships, will be in operation by the first of 1988.

Traffic flow into and through South Container Terminal was improved with the construction of a new entry gate that increased the number of incoming and outgoing lanes and streamlined delivery and pick-up procedures. North Container Terminal underwent gate improvements last year.

In support of San Francisco's shippers and shipping lines, a simple, easy-to-use corridor for overweight cargo was established along Third Street from Pier 50, past North Container Terminal and into the Intermodal Container Transfer Facility and the South Container Terminal. Many trucking, Container Freight Stations and warehousing facilities have direct access to this designated corridor. No special equipment is required to use this corridor.

Plans were approved for dredging four new 42-foot access channels to the Container Terminals, which will allow greater maneuverability in docking the larger containerships. The project is now underway, and will be completed in November 1987, making San Francisco the only Northern California port with 42 feet of water.

Passenger Services

Cruise activity out of San Francisco returned to normal in 1986–87 after reaching a peak in 1985–86 when cruise lines shifted vessels from the fear-depressed Mediterranean market to the popular West Coast/Vancouver Expo market. A total of 73,000 passengers embarked or disembarked at San Francisco in fiscal year 1986–87 during 111 passenger vessel calls. This is down from 102,000 passengers and 130 vessel calls in 1985–86. A second factor contributing to the decline was the shift from San Francisco to Los Angeles as embarkation port for Holland American Line's Mexican cruises.

San Francisco has always been a popular port-of-call with cruise passengers and a regular destination on longer luxury cruises. This year passengers spent an estimated $20,000,000 in San Francisco hotels and restaurants, and for shopping and entertainment. In addition, the average cruise ship spent $70,000 to $100,000 for goods and services in preparation of a San Francisco-based departure. The total economic impact that the cruise industry has on San Francisco from both direct and indirect expenditures is estimated at between $60,000,000 and $70,000,000 annually.

New cruise ships visiting San Francisco for the first time this year were Cunard's *Sea Goddess I*, Exploration Cruise Lines' *Explorer Starship*, Bermuda Cruise Line's *Canada Star* and Epirotiki Line's *World Renaissance*.

The Port plans to further improve the Passenger Terminal by doubling the size of the facility and increasing the efficiency of moving passengers and baggage in and out of the terminal. A scheme currently under consideration would add Pier 33 to the present Pier 35 terminal allowing for the simultaneous docking of two large cruiseliners and several of the smaller excursion boats.

New at the Passenger Terminal this year were a hydraulic gangway and a passenger security system. The gangway, designed and built by California Stevedore and Ballast Company, operator of the Passenger Terminal, provides easier ship-to-terminal access and accommodates the varying ship configurations.

The two magnometer screening systems, similar to the security systems used at airports, were installed this year by CS&B at the request of the cruise lines.

Ship Repair

Ship repair berth days rose from 1,709 in 1985–86 to 2,974 in 1986–87, a 74% increase. The four ship repair facilities at the Port, Continental Maritime, Service Engineering, Southwest Marine and Todd, contributed $3,356,000 to the Port's revenue. In addition, these firms spent an estimated $87,000,000 elsewhere in the City for goods and services.

San Francisco is the dominant ship repair base in Northern California. As the major employer of blue collar workers in San Francisco with an estimated available workforce of 3,000, ship repair has a far-reaching impact on the City and the entire Bay Area. Employment impact is figured at three to one; or for every direct ship repair job, three indirect jobs are created. This year's payroll for full-time workers was well over $100,000,000.

The future growth of the ship repair industry in San Francisco is closely tied to further commitments by the Navy to homeport vessels in San Francisco. The Navy now accounts for 88% of all ship repair work.

Fishing Industry

San Francisco is the leading wholesale fish receiving and distributing port on the West Coast, outside Alaska. The Port has been working closely with the fishing industry this year to secure the future of commercial fishing and fish handling in San Francisco.

A 1,500-foot breakwater designed to protect the fishing fleet at Fisherman's Wharf and the historic ships at Hyde Street Pier from destructive wave action was completed and dedicated in October 1986.

The design plan was completed for the first phase of the new commercial fishing development at Fisherman's Wharf. Upon completion in late 1989 (for the harbor berths) and mid-1990 (for the fish handling facilities), San Francisco will have a modern, up-to-date commercial fishery which will remain competitive for decades to come. A harbor feasibility report is being prepared in anticipation of Cal Boating Loan funding.

In the meantime, commercial fishing facilities have continued to be upgraded. Improvements were made to the electrical system, fresh water supply system and lighting for the existing fishing boat berths.

COMMERCIAL

Revenues from commercial operations were $17,320,000 in fiscal year 1986–87. This is an increase of 10.68% over the previous year. The major commercial item, rental revenues, was boosted 33% over fiscal year 1985–86.

Office vacancies on Port property were reduced substantially even in the weak market conditions that prevailed during the year. While the vacancy rate in San Francisco averaged 16%, the Port reduced its total office vacancies to 10%, and vacancies in the Ferry Building/World Trade Center dropped to 7%. In addition, negotiations with existing tenants in the Ferry Building/World Trade Center resulted in over $3 million of upgrading and renovation work to the building at the tenants' expense.

Several significant leases were awarded this year. A new 20-year lease for a marine center on the Southern Waterfront not only fills a gap in San Francisco's small boat services, but doubles the revenue the Port has been receiving from the site and brings the added potential of being able to provide much higher revenues in the future.

A lease was concluded with the San Francisco Police Department for the establishment of a car-crushing facility at Pier 70. This operation helps solve the city-wide problem of abandoned automobile disposal, and also provides the Port with new revenues in excess of $370,000.

A particularly noteworthy accomplishment of the Finance and Administration division this year was the expansion and upgrading of the Port's data processing capabilities. The Port's Data Processing Department successfully implemented a Novell Local Area Network of 25 personal computers. In addition to offering word processing, spread sheets, and other classic "PC" applications, all of the new work stations are capable of serving as user work stations for the existing microdata minicomputers. This brings the number of serviced users in operation from last year's 22, to a total of 47 this year, or a 114% increase in user service. Simultaneously, the Data Processing Department was able to lower its 1986–87 operating budget to 11% under the 1985–86 budget.

The financial condition of the Port continues to be positive. Working capital reached $15,877,000 this year, a dramatic rise from zero in 1980.

IN TOUCH WITH THE COMMUNITY

The Port sponsored or participated in a number of community interest events this year. The 5-mile Fleet Week Challenge Run along the waterfront in October and the Port Promenade Whaleboat Race held each May in conjunction with World Trade Week have become annual activities. Both are organized by the Port and sponsored by Friends of the Port.

Festa Italiana was held for the fifth year in Pier 45. Co-sponsored by the Port, the four-day festival is scheduled around Columbus Day. Festa draws many people to Fisherman's Wharf, as does the Christmas season's Dickens Fair also held in Pier 45.

Among the special events staged this year was the Great San Francisco Railroad Fair in April. The first railroad exhibit in San Francisco since 1915, the fair utilized the Port of San Francisco Belt Railway tracks on the northern waterfront.

Control headquarters for the spectacular light and sound fireworks display celebrating the 50th birthday of the Bay Bridge was set up on the Ferry Building deck outside the Port offices.

Benefit runs, bicycle races, and many community activities have become common occurrences along the Port of San Francisco waterfront.

Notes to Financial Statements

Note 1. Significant accounting policies

Organization: The Port of San Francisco ("Port") is an enterprise fund of the City and County of San Francisco ("City"). A five-member Port Commission is responsible for its operation, development, and maintenance. Commission members are appointed by the City's Mayor for terms of four years. The Port is an integral part of the City and the accompanying financial statements are included as a component of the City's Comprehensive Annual Financial Report.

Prior to February 1969, the Port was owned by the State of California ("State") and administered by the San Francisco Port Authority, a State agency. In February 1969, the Port was transferred in trust to the City under the terms and conditions specified in the State statutes of 1968 (Chapter 1333 ("Porter Act"), as amended, and ratified by the City's voters in November 1969.

Under the terms of the Porter Act, the State Legislature is reserving the right to amend, modify, or revoke, in whole or in part, the transfer of assets in trust provided that the State would then assume all lawful obligations related to such lands.

Lease Revenue: Lease revenue from the rental of building spaces, ground areas, and facilities is accounted for under the operating method. Under this method, lease revenue is earned as it becomes due and related expenses are recognized as incurred.

Materials and Supplies: Materials and supplies are used in construction and maintenance of Port facilities and are stated at cost (approximately first-in first-out method).

Property, Plant and Equipment: Land transferred to the City in February 1969 is stated at an amount which includes an increase over historical cost of $56,063,000. This amount was recorded by the State in prior years to reflect appraised values in 1929. The Port's management estimates that the fair market value of such land significantly exceeded recorded amounts at the time of the transfer.

Land acquired after February 1969 and land improvements are stated at cost. Land improvements (principally pavement and railroad tracks) with a cost of approximately $18,000,000 are not depreciated because, in the opinion of management, the assets will be maintained to provide indefinite useful lives. Maintenance and repairs are expensed as incurred.

Interest paid on bond funds used for construction purposes, less interest earned on the temporary investment of the proceeds of such borrowings, is capitalized from the date of borrowing through the construction period.

Other property, plant and equipment is stated at cost and depreciated using the straight-line method over the estimated useful lives of the assets.

Notes to Financial Statements

(continued)

Note 2. Cash and investments

The City's pooled cash and investments are invested pursuant to investment policy guidelines established by the City Treasurer. The objectives of the policy are, in order of priority, preservation of capital, liquidity and yield. The policy addresses soundness of financial institutions in which the City will deposit funds, types of investment instruments as permitted by the California Government Code, and the percentage of the portfolio which may be invested in certain instruments with longer terms to maturity. In addition, a City ordinance prohibits deposits and investments with financial institutions having specified relations with either the government of South Africa or certain private entities doing business with post South Africa. The Comprehensive Annual Financial Report of the City categorizes the level of risk associated with the City's pooled cash and investments.

The Port is required by bond indenture to invest excess funds related to the bonds in government obligations and certificates of deposit.

The Port's separate investments, including those held by trustees, are categorized below to give an indication of the level of risk assumed by the Port at year end. Category 1 includes investments that are insured or registered or for which the securities are held by the Port or its agent in the Port's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the broker or dealer's trust department or agent in the Port's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the broker or dealer or by its trust department or agent but not in the Port's name.

At June 30, 1987 and 1986, cash and investments held by trustees includes the following (in thousands):

Type of Investment	Category	**1987**	1986
Negotiable certificates of deposit			$ 7 755
U.S. Agency Instruments	3	**$9,762**	2,689
Certificates of Deposit	1	**6**	52
Cash Deposits — Trustees			576
		$9,768	$11 072

The cost approximates market value. The investments generally mature within one year. The investment categories refer to June 30, 1987 balances only. Comparative information for 1986 investments is not available.

Notes to Financial Statements

(continued)

Note 3. Property, plant, and equipment

At June 30, 1987 and 1986, property, plant and equipment consisted of (in thousands):

	1987	1986	Estimated useful life (years)
Land and land improvements	**$115,804**	$115,756	[illegible]
Buildings, structures and related improvements	**131,819**	128,909	[illegible]
Equipment	**4,759**	4,069	[illegible]
Total	**252,382**	248,634	
Less depreciation and amortization	**(85,319)**	(81,245)	
Net	**167,063**	167,389	
Construction work in progress	**13,587**	6,323	
Total	**$180,650**	$173,712	

Total interest cost was $6,854,000 and $7,020,000 for fiscal years 1987 and 1986 of which $3,962,000 and $4,131,000 was capitalized, respectively. Total interest earned was $6,015,000 and $7,324,000 for fiscal years 1987 and 1986 of which $2,993,000 and $4,131,000 was capitalized, respectively.

The cost of fully depreciated assets still in use was approximately $44,000,000 and $42,200,000 at June 30, 1987 and 1986, respectively.

Note 4. Deferred rentals

During 1983, the Port acquired land, subject to a thirty-year ground lease, on the condition that the Port not exercise its option to take possession of such property until termination of the lease. The $8,900,000 property value received has been included in land and deferred rentals. The deferred rentals related to this land, $8,400,000 and $8,730,000 at June 30, 1987 and 1986, are being recognized as rental revenue over the thirty-year lease term.

Notes to Financial Statements

(continued)

Note 7. Employee benefit plans (continued)

The pension plans are financed primarily by (a) employer contributions which include contributions from the Port, (b) employee contributions, and (c) income from investments. Employer contribution rates are established by the City Retirement System and PERS, based on actuarial valuations which consider both unfunded past service costs and current costs and are designed to amortize past service costs through the year 2000. Contributions included in operating expenses were approximately $1,373,000 and $1,454,000 for fiscal 1987 and 1986, respectively.

The Plans' assets, liabilities, and benefits are not allocated to individual entities. Information on total net assets available for pension benefits and the actuarial present value of accumulated plan benefits for the City Retirement System are included in the City's Comprehensive Annual Financial Report.

Prior to 1987, the Port was obligated to annually contribute $169,000 until July 1, 1990 to the State PERS for settlement of an unfunded liability. In 1987 the Port suspended payments based on advice of the PERS actuaries. The remaining unfunded liability at June 30, 1987 (amounting to approximately $650,000), is expected to be eliminated as a result of actuarial gains.

Deferred Compensation Plan: The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all Port employees, permits them to defer a portion of their salary until future years.

The amount of assets and related participant obligations for Port employees is not separable from the total City plan. The total plan assets and obligations are accounted for in an agency fund of the City and are included in the City's Comprehensive Annual Financial Report.

Health Care Benefits—Retired Employees: The Port provides health care benefits for retired employees. Substantially all of the employees may become eligible for these benefits if they reach normal retirement age. Those benefits, and similar benefits for active employees, are provided through the City's Health Care System. The Port recognizes the cost of providing the benefits by expensing the annual insurance premiums, which were approximately $210,000 and $158,000 for the years ended June 30, 1987 and 1986, respectively. The cost of providing benefits for the retirees is not separable from the cost of providing benefits for the active employees.

Note 8. Related party transactions

The City performs certain administrative services such as cash disbursements and investment for all fund groups within the City. The Port is charged for these services based upon the City's indirect cost allocation plan. Other City departments, primarily the fire department and the City attorney's office, provide certain services which are charged directly to the Port. The cost of all of the services combined included as operating expenses in the statement of income was approximately $2,400,000 in 1987 and $2,200,000 in 1986.

Included in accounts payable and accrued liabilities are amounts due to City departments of approximately $2,441,000 and $207,000 at June 30, 1987 and 1986, respectively.

Note 9. Commitments and contingent liabilities

The Port is presently planning various development projects which involve a commitment to expend significant capital funds. The Port had firm purchase commitments at June 30, 1987 for approximately $2,635,000 for construction, material and services.

Under a management advisory contract signed in December 1973, the Port transferred its railroad operations to Port Railroad, Inc. for a period of twenty years. The contract is cancellable by Port Railroad, Inc. with nine months' written notice.

The Port is a defendant in various lawsuits; most deal with personal injury or property damage resulting from accident or fire and are covered by insurance. A substantial number of the lawsuits are in the discovery stages and counsel to the Port cannot express an opinion as to the possible outcome of such litigation. However, in the opinion of counsel the likelihood of an unfavorable outcome is probable in some of the suits and, accordingly, accrued liabilities include an accrual for the aggregate amount of deductibles under applicable insurance policies. The ultimate resolution of such matters is not expected to have a material effect on the Port's financial position or results of operations.

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Wharfside is published bi-monthly by the Port of San Francisco

Editor: Nancy F. Pitt
Design: Williams & Ziller Design
Photographs:
Air News Photos

SF
P55
#45
JAN/FEB
c.1 1988

PORT OF SAN FRANCISCO

Wharfside

January/February 1988

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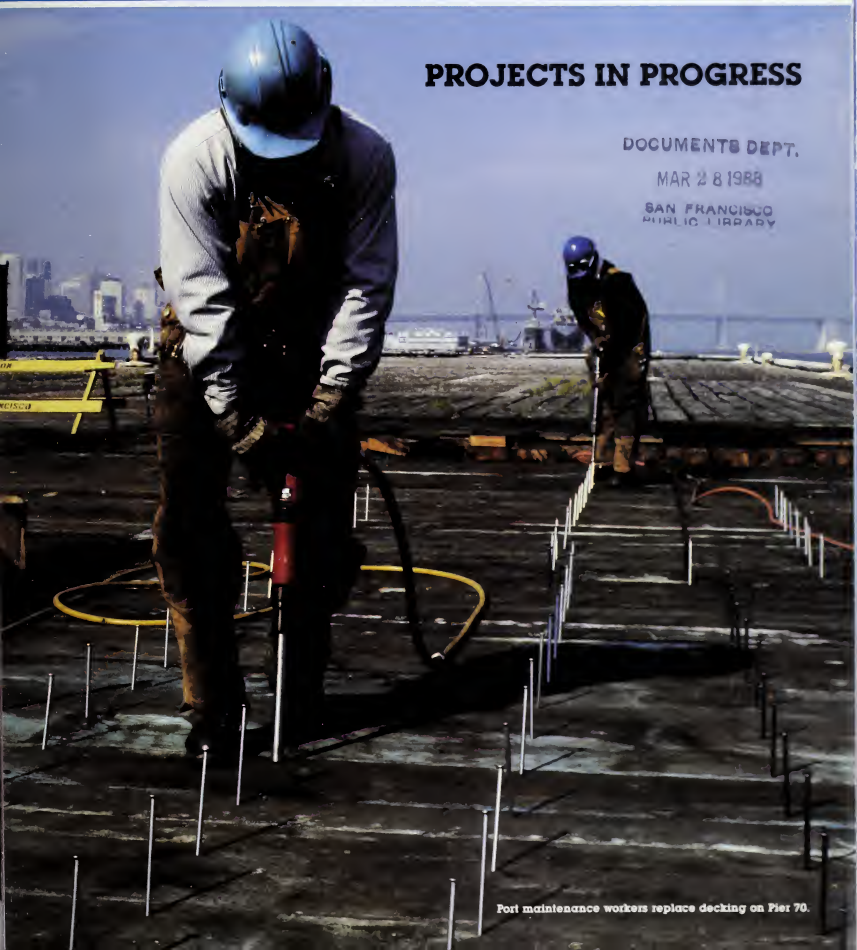

Port maintenance workers replace decking on Pier 70.

Office of the Mayor
San Francisco

ART AGNOS

February 1988

Dear Wharfside Readers:

The time when San Francisco could rely on its beautiful waterfront views to attract business has passed. San Francisco must aggressively pursue ways to maintain business opportunities that promote employment and city revenues.

The Port of San Francisco is meeting the challenge of competing for business by developing facilities that will expand our opportunities in the maritime and seafood industry. Our Port can be an example of our economic competitiveness and our regional cooperation with nearby cities.

The progress of these projects is described fully throughout this publication. But we will attract business not only with state-of-the-art facilities but also with a supportive management style which will be a trademark of this new administration. We will create a business climate based on a sense of partnership between staff and clients to maximize business opportunities.

Where impasses arise, we will seek to resolve them by sitting down together, listening to each other with respect, finding the common goal and then acting with decisiveness. To our clients and the public users of our Port, I offer you the opportunity for a fair and respectful hearing on your needs.

As we review proposed projects for the Port, we will consider not only the Port's immediate needs but those of the Port of San Francisco in the next century. It is this type of calculated and prospective planning that will maximize our investments and make our Port a showcase for commercial, maritime and public uses.

Each step that we take towards improving our Port is a closer step towards San Francisco's overall goal of becoming an international trade center. Achieving such a position in the world market brings business not only to maritime related industries but also to financial institutions, real estate and insurance companies, and our tourist industry.

I look forward to the successful completion of the pending projects and the development of many more that will evolve during my tenure.

Sincerely,

ART AGNOS

200 CITY HALL, SAN FRANCISCO, CALIFORNIA 94102
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1329

Projects in Progress

SOUTHERN WATERFRONT

South Container Terminal (Piers 94–96)

This year the two Starporter cranes will be modified to allow the booms to clear vessels carrying containers stacked up to six high on deck. Many of the Port's users are bringing into their services the larger, newer generation ships that can carry higher stacks of containers. The booms will be raised by adding 15-foot prefabricated extentions to the legs, giving the cranes a clear lift above high water of 103'6". While the whole operation will take about four months, each crane will be out of service for only three weeks. The Engineering Department is preparing the specifications for bidding. The project could go out for bid by the end of April with the construction and installation completed by early 1989.

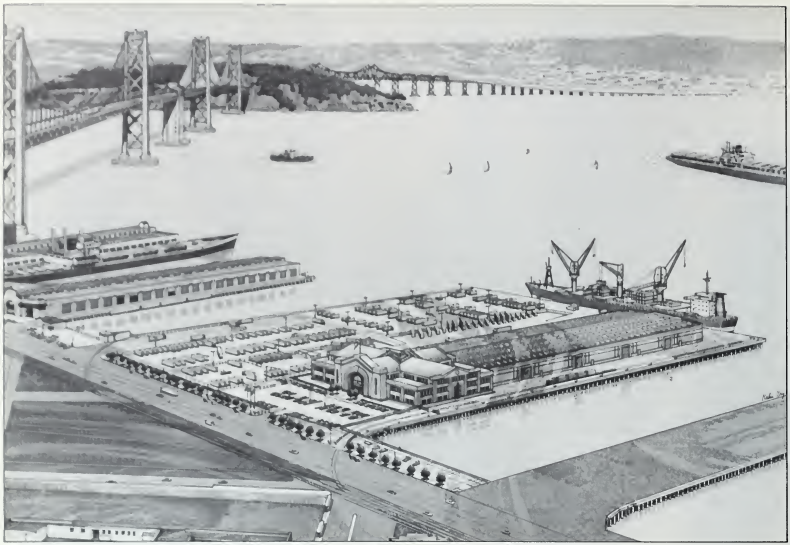
Expansion of the entry/exit gate configuration is nearing completion and the facility should be operational by the end of February. Now serving the 10 incoming and four outgoing lanes are a new outboard gatehouse and canopy and a guardhouse.

North Container Terminal (Pier 80)

Rigging International has nearly completed the testing and certification of the two new 40-ton, 100-foot-gauge container cranes at North Terminal. They are scheduled to be in operation this spring. Designed by Paceco and fabricated by Hyundai Heavy Industries in Korea, these cranes have a clear lift height of 95 feet and an outreach of 130 feet, enabling them to handle ships with containers stacked five high on deck. Approximately 1200 feet of new crane rail will have been installed by contractors Stacy & Witbeck, West Bay and Nationwide by the time the cranes are operational. A new inboard rail was required to accommodate the 100-foot gauge of the new cranes. The three existing cranes at this terminal have a gauge of 34 feet. Additional crane trackage can be installed later to extend the range of the new cranes.

Access Channels to Container Terminals

Navigational aids, buoys and ranges are being installed to mark the two new access channels to North and South Terminals. The new 42-foot deep channels more nearly parallel the natural tidal currents in the Bay and together with the existing channels will allow more maneuverability in docking the larger container vessels under all tide, current and wind conditions. Lighted center line ranges will mark both of the new channels and two additional buoys will mark the channel entrances. The installation of the navigation aids is included in the dredging contract with Smith-Rice Co.



Pier 30/32

Pier 30/32

Construction drawings for the new Container Freight Station to be built on Pier 30/32 were completed by Jefferson Associates, architects, in January. A CFS is basically a distribution warehouse where containerized cargo can be unloaded and repacked for transshipment. The Pier 30/32 CFS was designed with the needs of the coffee and cocoa trade in mind. In addition to the CFS, 14,000 square feet of office space will be available for maritime businesses. Discussions are underway with potential operators/tenants of the facility. Construction on the $12.0 million project will begin when a use commitment has been finalized.

Piers 24-26, Pier 24 Annex

A group proposing to establish a $20 million international yacht center that "could become the largest yachting center on the West Coast" was awarded a lease in December for Piers 24-26 and the Pier 24 Annex. The Port Commission approved a two-year lease and an option for a 50-year lease on the property to the San Francisco International Yachting Center Development Group, Inc. Plans for the yacht center include boat yard facilities, a chandlery, sail loft, and related marine industries. The proposed facility is already being suggested as a possible center for a future America's Cup series in San Francisco. The piers are located directly under the San Francisco Bay Bridge. Pier 24 was vacated last year when its structure was declared unsafe. Pier 26 contains offices and light industrial operations. Under the two-year lease, the developer can determine the feasibility of proceeding with the project.

NORTHERN WATERFRONT

Pier 7

Construction of a new public access and fishing pier is being jointly funded by the Port, Recreation and Park Department, Wildlife Conservation Board and the California Coastal Conservancy at an estimated cost of $5 million. ROMA Architects have completed the design and working drawings and bids for construction of the project should go out later this Spring. The existing Piers 5 and 7 will be removed as part of this contract.

The new 27,322-square-foot public fishing and recreation pier will be constructed in the vicinity of the existing Pier 7. The pier, to be built on 156 concrete pilings, will be 845 feet long and vary in width from 82 feet at the entry plaza, to 55 feet at the mid-pier, to 88 feet at the pier-end plaza, with an average 25 feet in width in other areas. The pier will have a heavy timber, pressure-treated fir deck, a 42-inch-high painted metal railing, 62 historic light fixtures, 72 benches and 24 cast stone trash receptacles. The four fish cleaning tables will be handicapped accessible.

The new Pier 7 fishing pier is expected to be completed in early 1989.

Pier 33-35 Passenger Terminal

The Port is developing plans to expand the passenger terminal by adding Pier 33 to the present Pier 35 facility. Last year

Pier 7

111 passenger vessel calls were made at San Francisco, sometimes two or three on the same day. Expanded facilities would allow for the simultaneous docking of two large cruise vessels plus accommodations for the smaller excursion boats. A more efficient method of moving vehicles, baggage and passengers in and out of the terminal would be incorporated into the total plan which has been estimated could cost up to $6.5 million. As Pier 33-35 has been included in the City's new redevelopment study area planning for Fisherman's Wharf, these expansion plans, and opportunities for funding through a mixed use development, will be further examined by a broad-based advisory group.

Fisherman's Wharf

The Port Commission last August adopted a conceptual development plan for the commercial fishing improvements at Fisherman's Wharf. The plan calls for the construction of 100 new commercial fishing berths at the foot of Hyde Street and for the development of new fish handling space in renovated sheds on the west side of Pier 45. Fisherman's gear storage space will be located at selected sites shoreside or on the east side of Pier 45.

The consultant team of Moffatt & Niichol, in association with AGS, Inc. and Kwan Hermi, was selected in December to design the first phase of the Port's Fisherman's Wharf commercial fishing industry development. This will consist of preparing engineering designs for the harbor and for the new or rehabilitated facilities, and for the preparation of an economic feasibility report.

The Port will be participating together with the Planning Department and the Redevelopment Agency in a three-agency study of the greater Fisherman's Wharf area. The objective will be to determine how best to develop or redevelop land and facilities in this area.

OTHER PROJECTS

Athletic Club

Following competitive bidding procedures, the San Francisco Bay Club Partners were awarded a two-year lease with a 55-year lease option on a 46,209 square foot parcel of Port property on which to develop and operate an athletic club. The non-waterfront property bound by Green, Front, Union and Embarcadero Streets is currently being used as a parking lot. The San Francisco Bay Club Partners will continue to operate the property as a parking lot while they determine the feasibility of the project and obtain the necessary permits.

Embarcadero Parkway

The Port is one of four City Departments working on the preliminary design and engineering for the reconstruction of the Embarcadero as a parkway including the extension of MUNI Metro south and the F-line north to Fisherman's Wharf

Frank Billeci
President, ILWU—Local 34
Ship Clerks Association

Local 34 is a very progressive organization that is proud of the quality of work its members perform. If it becomes necessary to battle employers over a principled difference, we'll do that. At the same time, we're not pounding the desk and asking for irrational things."

Frank Billeci talks of Local 34 with pride.

A pride that comes from having worked on the San Francisco waterfront and under the jurisdiction of Local 34 for all of his adult life. While Hollywood might never cast the slightly built, neatly dressed and soft spoken Billeci in the role of union leader, the membership has been casting their votes and reelecting him to that position every year since 1977. But those who have sat "across the table" from him say that behind his quiet manner he is a fiery and tenacious negotiator.

Billeci believes the strength of Local 34 is its closely knit membership due in large part to the methods used to insure the equitable division of work. In good times or bad, the "guy on the top is never too far from the guy on the bottom." This is demonstrated every day in the dispatch hall where the workers are dispatched using a "low man out" system.

San Francisco's dispatch hall is located at union headquarters, Berry Street and Embarcadero. This is one of three dispatch halls operated by Local 34 whose jurisdiction covers San Francisco Bay and the Delta.

Activity in the dispatch halls begins early. The workers—usually about 30 of them—arrive, have a cup of coffee, talk to each other and turn in their work cards to the dispatcher by 7:15. The dispatcher organizes the cards according to hours worked. Low man (the worker with the fewest number of hours worked) gets first choice of the available jobs projected on the screen. Normally, it's all over in about 15 or 20 minutes, a half hour tops. By this system, at the end of the month there is little difference in the number of hours that each member worked, no matter if it's been a lean month or a busy one.

And what are the jobs that ships clerks do? "We're dispatched to terminals where, together with longshoremen, we handle all of the cargo that comes in and out of port. Our sister local, Longshore Local 10, does the physical work of placing cargo aboard and taking it off the vessels. We're the ones with the clipboards. We make sure it's the right cargo and the right amount of cargo. If it's a container, we check the number. On loose cargo, we'll check the markings. Ship clerks *account* for the cargo. We do all the recording work."

Once the members are dispatched to their jobs each morning, Billeci, together with two other Local 34 officers and the office secretary, are practically alone in the union's spacious offices—except for two full-time representatives of two other small ILWU locals that sublet an office apiece. "But our door is always open and people can, and do, drop in all day." The large San Francisco dispatch hall, empty after 8:00 a.m. each day, is used for the once-a-month membership meetings, and also is made available to outside groups.

Billeci began working on the San Francisco waterfront in 1955 as a "casual worker", a worker with no union or industry status. In those days there were several hundred "casuals".

"I'd come down to the dispatch hall and if there were any jobs left over after the union members had been dispatched, then the casuals, and I was one of them, would be sent out. Then in 1957 I became registered in the industry and got a registration number."

During the following years, Billeci became increasingly interested in internal affairs of the union and served on various committees. In 1977 he was elected vice president and six months later, when then president Jimmy Herman was elected International President of the ILWU, Billeci became president of Local 34. He has been reelected to the office every year since.

The biggest single change that has occurred on the waterfront since 1955, Billeci says, is containerization. "It did a couple of things. First, it has allowed more cargo to move more rapidly with the use of fewer workers. This in turn changed the working atmosphere on the docks. Before, when many longshoremen, clerks and foremen worked in close proximity, they could talk and have fun while they were doing their work. Vessels stayed in port for from three to 10 days and a variety of loose cargo was piled on the docks. Now most of the cargo is hidden by the walls of a container. Vessels move in and out fast. Far fewer people are needed on the docks today. They're spread apart and deal with high speed equipment, container cranes. As the number of people on the docks disappeared, so did the special camaraderie.

"In the 1950's and 60's, prior to containerization, membership in Local 34 was more than double what it is today. The last time we registered new workers was in 1969. The workforce then gradually decreased until it leveled off a few years ago. We have had a relatively stable work force of around 350 to 400 members since then. In fact, we now have a need for about 50 or 60 new members and have been discussing this with the Pacific Maritime Association (PMA)." PMA is the employers association.

An unusual symbionic relationship exists between the union and PMA. Adding more members to the union; that is, to register them, identify them and give them a number, requires an agreement between the union and the employer. "We sit down together and assess the work needs of the industry in our area, then work out an agreement to add a certain number of people, either at a given time or over a period of time."

New members are registered as Class B, or apprentice, where they remain for about four years while learning the trade. They become union members when they are elevated to Class A. Some of the current application and registration procedures are expected to be streamlined soon following discussion between the ILWU International and the PMA.

How does PMA and the union get along? "The record speaks best. In recent years we've only struck twice—1948 and 1971."

"The future of the industry is with more technology and the development of new generations of computers. So far computers have not made much difference in our work or in the overall number of jobs. I imagine that's because they haven't been able to design a computer to handle the variations in customer service that now require people-to-people relationship. I've seen installations (docks) where computers have been introduced and then removed. Some of our members are operating computers on-the-job now. When computers are developed that can more efficiently handle the work we do, we'll exchange our clipboards for computers."

Waterfront Resources, Inc.

The company's name, Waterfront Resources, certainly isn't a "dead giveaway" as to what sort of business it is. The resource in this case is waste paper, and Waterfront Resources collects it, compresses it and containerizes it for export through the Port of San Francisco.

"Waste paper has become big business," says John R. Gerber, president of Waterfront Resources, Inc. Gerber has been in the waste paper recycling business in San Francisco since 1960. "I used to say I was in the junk business, but now I'm a 'recycler'. Recycling has become respectable *and* profitable."

Waste paper is one of the top three highest volume exports on the West Coast. Last year's total West Coast figure was 1.4 million metric tons, with the Bay Area accounting for 300,000 metric tons.

Waterfront Resources came into existence last August, when the Port leased to Gerber a lot on China Basin Street (across from Pier 50) for a waste paper compression facility. All of the operations, from delivery of the waste paper to the departure of the filled containers, are handled by a staff of 10 in this one and one-half acre space.

Three kinds of paper are processed at this facility—corrugated cardboard, newspapers and computer paper. "We buy paper from anyone who brings it in. Right now we have about 300 to 400 'regulars' who sell waste paper to us," Gerber said. "Some are here 3 or 4 times a day and others come about once a month. I really don't know where they get it. I know that some have agreements with retailers and distributors. Others collect it in their neighborhoods."

There doesn't seem to be any scarcity of waste paper. When the facility opens each day at 7 a.m., cars, trucks and station wagons are often waiting in line to sell their loads of paper. A truck/car scale weighs them in . . . and weighs them out after unloading. Each supplier is paid on the spot. It's strictly a "cash on delivery" business. Current rate for corrugated cardboard is $80 per ton; for newsprint, $55; and for computer paper, $200.

Centerpiece of Waterfront Resources' operation is its state-of-the-art $350,000 automatic 2-ram bailer. The waste paper fed onto a conveyor is delivered to the bailer. Using 300 tons of pressure, one ram compresses the paper into bales, then the second ram pushes the bales out where they are automatically tied with heavy gauge galvanized wire. Capacity of the bailer is 20 bales per hour.

Each bale is delivered to the waiting container by a forklift using a portable loading dock. With each corrugated cardboard bale weighing 1500 lbs. (newspaper and computer paper bales weighs 1700 lbs. each), total full-container weight is an important consideration. Waterfront Resources has taken advantage of the Port's heavyweight corridor that allows them to move overweight containers from their facility to the container terminals without an overweight penalty.

After only six months in business, Waterfront Resources handles well over 1,000 tons of waste paper a month. The exact amount is confidential. The bulk of it goes to Korea, Taiwan, Japan and the Philippines. This facility expands San Francisco's cargo base generating new cargo for the lines using the Port of San Francisco. At present, most of the waste paper is being carried by Japan Line, Evergreen Line and National Shipping Corporation of the Philippines.

The processing plant has been so successful, Gerber hopes the company can expand onto some adjoining property. Are there any drawbacks to the operation?

"Well, wind and rain can be a problem," Gerber says, "but only when we're not prepared for it."

John Gerber with 1500-pound bales.

Corrugated cardboard is carried to the bailer by conveyor.

Container crane at South Terminal lifts *Sidewinder* aboard the *Columbus California* for trip to Australia.

Yacht Sails to Australia on Columbus Line

High hopes were riding on the 45-foot racing yacht, *Sidewinder*, when it was lifted aboard the *M.V. Columbus California* last fall en route to Australia to represent the United States in the Southern Cross series of races. *Sidewinder* had competed successfully in England's Admiral's Cup races, finishing fourth individually out of a field of 42 yachts, and in San Francisco's Big Boat Series, finishing third in its class.

Owned by San Franciscan Randy Short and based in Sausalito, the Reichel/Pugh design yacht was trucked to the Port of San Francisco's South Terminal. Terminal operator Stevedoring Services of America fitted one of the Starporter container cranes with slings which lifted the yacht, cradle and all, onto the Columbus Line ship. Columbus Line has direct service between the U.S. West Coast and Australia/New Zealand.

In Sydney, *Sidewinder*, was joined by teammate *Jubulation*, a 54-foot yacht from Santa Barbara, California, that had sailed "down under" on its own. The third yacht to make up the U.S. team, *Drake's Prayer*, was chartered in Australia.

The Southern Cross series takes place in December and January and had 11 teams entered in this year's races. Off to a good start, *Jubulation* and *Sidewinder* were 2nd and 3rd respectively after the first race. But soon trouble began to plague the U.S. team. On the fifth and last leg, from Sydney to Hobart, *Sidewinder* lost its mast, but still managed to bring the U.S. team in for a fifth place overall.

Through the years Columbus Line has built a reputation on its care and handling of special cargo. Usually this special cargo is perishable meat, seafood and fruits, but it is just as applicable to a sleek, prize-winning racing yacht.

A sea of chefs aboard the *Royal Viking Sky*

Royal Viking Line Hosts Culinary Elite

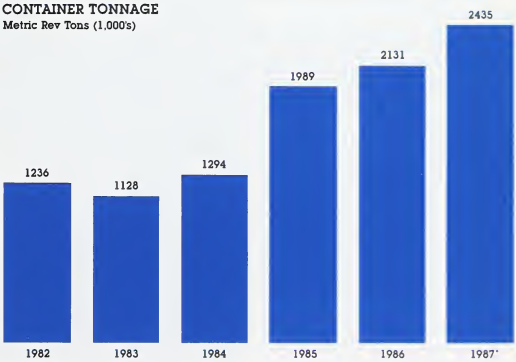
A culinary pow-wow was held aboard the *Royal Viking Sky* recently when the cruiseship was docked at the Pier 35 Passenger Terminal. Chefs and owners of some of Northern California's finest restaurants gathered aboard the *Sky* for a luncheon hosted in their honor by Royal Viking Line. The occasion was the publication of the 1988 edition of *Epicurean Rendezvous*, a guide to the 100 finest dining establishments in the Bay Area. *Epicurean Rendezvous* presented an award of culinary excellence to each of the three Royal Viking Line vessels in recognition of the Line's high levels of shipboard cuisine.

Royal Viking Line is based in San Francisco and operates three sisterships. The *Royal Viking Sky* was in San Francisco "between cruises" following the summer's final Alaska/Canada cruise and en route to the U.S. East Coast via the Panama Canal. The *Royal Viking Star* has been cruising the South Seas and Australia but will be back in San Francisco in June to begin the 1988 Alaska cruise season.

Embarking on Royal Viking Line's longest cruise of the year, the *Royal Viking Sea* left San Francisco January 19 for a 100-day Grand Circle Pacific cruise that will take it to South America, Australia and Asia before returning to San Francisco April 25.

Royal Viking Line has announced that a fourth ship, now under construction in Finland, will enter service December 1988. It has been named *Royal Viking Sun*

Port of San Francisco's Corner on Trade



*Preliminary Figures

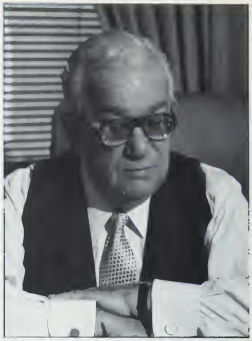
Anne Halsted Is New Commission President

At its first meeting of 1988, the Port Commission elected Anne Halsted as president and James Herman as vice president, succeeding Dr. Arthur Coleman and James Ruddell, respectively. Under a rule adopted by the commission last year, officers are elected at the first of each year for a one-year term. They cannot serve more than two successive terms in the same position.

Halsted, vice president of United States Leasing International Inc., was appointed to the Port Commission in March 1984 becoming the first woman to serve on this Commission. Before that, she was a member of the San Francisco Redevelopment Agency Commission. Long active in city advisory groups, she has been president of the Telegraph Hill Dwellers Association and on the Board of Directors of Friends of the Urban Forest. Currently, she is a member of the executive committee of SPUR. She is a native of Charleston, West Virginia, and has a degree in political science from Duke University.

Herman, president of the International Longshoremen's and Warehousemen's Union, was appointed to the Port Commission in November 1982. Active in trade unions for 45 years, he began his career as a ship's cook, later becoming a representative for the National Union of Maritime Cooks and Stewards. In San Francisco he worked first as a warehouseman before going to work on the waterfront in 1956. In 1960 he was elected vice-president of the ILWU Ship Clerk's Local 34, then its president, a position he held until his election as international president of the ILWU in 1977.

Commission President Anne W. Halsted



Commission Vice President James R. Herman

Nedlloyd Completes Redeployment

Three Nedlloyd semi-containerships made their initial calls at the Port of San Francisco in November and December, completing the redeployment of vessels into the Dutch shipping line's monthly westbound service between the Far East and the east coast of South America, the Caribbean and the west coast of North America.

The *M.V. Nedlloyd Nagasaki* arrived on November 8, the *Nedlloyd Nassau* on November 18 and the *Nedlloyd Napier* on December 25. Built in 1972, the three 13,000 dwt sister ships can each carry up to 543 TEUs in addition to breakbulk cargo.

Nedlloyd uses San Francisco's North Container Terminal, operated by California Stevedore and Ballast Company.

On the bridge of the *M. V. Nedlloyd Nagasaki* are Peter Daily, Port of San Francisco; Henk G. Pouderoyen, Nedlloyd Pacific Basin; Captain Ph. Haarbrink; Hans Hoebeck and Bob Stowger, Nedlloyd Lines.

San Francisco Fireman Pat Wallace explains to Cub Scout Pack 245 how water is pumped from the San Francisco Fireboat *Phoenix*

Cub Scouts Visit Fireboat

If being a fireman is the dream of all young boys, then being a fireman on a fireboat would be heaven.

That's what members of Cub Scout Pack 245 from Commodore Sloat Elementary School decided recently after visiting the San Francisco fireboat *Phoenix* at the Pier 22½ Fire Boat Station.

Captain Louis Birleffi and Fireman Pat Wallace of the San Francisco Fire Department explained and demonstrated the working of the fireboat during a boat trip around the Bay.

The *Phoenix* has served the San Francisco waterfront for 35 years ready to fight waterfront fires or participate in ceremonial activities. Shooting plumes of water, the *Phoenix* has met many "celebrity" ships at the Golden Gate escorting them into the Bay. In October, the *Phoenix* led the Parade of Ships that opened the Fleet Week celebration.

The Commodore Sloat Cub Scout Pack includes members who live in the Inglesside Terrace, Balboa Terrace, Monterey Heights, Stonestown and Sir Francis Woods areas of San Francisco.

Southwest Marine Takes Over Todd Facility

On November 20, Southwest Marine officially opened shop at the ex-Todd Shipyard facility near Pier 70 and immediately started work on the *American Envoy*, an ex-U.S. Lines ship recently acquired by Sea Land. Southwest Marine had been working out of smaller facilities at Pier 28.

Southwest Marine's new facility includes a 900-foot, 65,000-ton drydock (the only privately-operated drydock in San Francisco capable of handling the Navy's largest ships as well as cruise ships), a steel drydock with a lifting capacity of 22,000 tons, and a small 1,000-ton drydock (for small vessels from tugs to Navy minesweepers).

The Port owns both the land and equipment at the facility. The land was acquired from Bethlehem Shipyard and the equipment from Todd Shipyard.

Executive Director Eugene Gartland signs agreement leasing ship repair facility to Southwest Marine. From left are Carl Hanson, general manager, Southwest Marine of San Francisco; Angela Kankas, city attorney assigned to the Port, and Jack Conrad, director of Finance and Administration, Port of San Francisco.

Hornblower Yachts Celebrates Successful Three Years

Hornblower Yachts, Inc. celebrated two milestones in mid-November—the third anniversary of the christening of its flagship, the *City of San Francisco*, and payment of the one millionth dollar to the Port of San Francisco in fees. The two occasions came together at a festive dinner cruise aboard the vessel November 13.

Kicking off the celebration cruise, Hornblower Yachts President Michael Watson presented a specially made plaque to Port Commission President Arthur Coleman that featured a symbolic "one millionth silver dollar."

It was three years ago to the day that Watson and co-principal Terry MacRae christened their 750-passenger excursion ship, *City of San Francisco*, alongside its berth at Pier 33. Built to resemble a turn-of-the-century steamer, the *City of San Francisco* can accommodate up to 500 people for "sit down dining" and has become a popular San Francisco attraction offering lunch and brunch cruises, dinner dancing cruises, and special occasion cruises, as well as being available for private charter. At about this same time, Hornblower Yachts also moved its corporate offices to Pier 33, where it now occupies two floors and operates the Australian restaurant, Wallaby's.

Hornblower Yachts' President Michael Watson, right, "pays" the Port the one millionth dollar, commemoratively framed. Accepting are Port Commissioners William H.C. Chang and Arthur H. Coleman, second and third from left. Terry MacRae, co-principal of Hornblower Yachts, is on the left.

Hornblower Yachts currently operates eleven luxury dining yachts in San Francisco, Berkeley, San Diego and Newport Beach. The company projects that it will do $13 million in business in 1988, a significant portion of which will be generated in San Francisco.

Vello Kiisk Becomes Acting Executive Director

The Port Commission named the Port's Chief Harbor Engineer, Vello Kiisk, to be Acting Director following the resignation of Eugene L. Garland the first of January. A permanent executive director is expected to be selected within three to five months.

Kiisk, with 30 years experience in port and harbor development, has held the Chief Engineer position since coming to the Port in 1979. In this capacity, he has overseen the planning, construction and rehabilitation of Port facilities during a period of rapid growth and modernization. Among them are the construction of the Fisherman's Wharf Breakwater, the reconstruction of the Jefferson Street Seawall, modernization of the North and South Container Terminals including the purchase and installation of two new container cranes, building of the on-dock Intermodal Container Transfer Facility, improvements to the Pier 35 Passenger Terminal, construction of the Waterfront Promenade, design of the Pier 30–32 container freight station and the dredging of new access channels to the Port's container terminals.

Vello Kiisk

Prior to joining the Port, Kiisk was Director of Engineering and Manager of Soros Associates' San Francisco office where he was responsible for all port and materials handling related projects in the western United States. Before that, he was Senior Project Engineer with the Marcona Corporation, Marine Projects Engineer/Manager with Kaiser Engineers and Senior Design Engineer and Project Coordinator for the Port of Portland.

Over the years he has planned container, breakbulk and Ro/Ro facilities at the ports of Oakland, New Orleans and Montreal and major bulk (ore/oil) terminals in Brazil, Saudi Arabia, Ivory Coast, Greenland and the Netherlands Antilles.

Kiisk was born in the formerly independent Northern European country of Estonia and immigrated to the United States in 1951 after seven years in Germany. He received his B.S. in Civil Engineering from Oregon State University and served as a Commissioned Officer with the U.S. Coast and Geodetic Survey.

Greeting the *M. V. Zim Livorna* on its maiden call to San Francisco are (from left) Roger Frickle, Zim Container Service; Captain Ioannis Venieris; Jacques Lira and Larry Bacci, Stevedoring Services of America, operator of South Terminal, and Rose Roman, Zim Container Service.

Zim Adds Two Container Ships

The *M.V. Zim Livorna*, one of two fully containerized vessels that Zim Container Service is introducing into the West Coast Service, made its maiden San Francisco call December 23 at South Container Terminal. The 39,764 dwt vessel can carry up to 2,300 TEUs. With the *Zim Livorna* and the *Zim Pusan*, the second vessel added in the route, the Line has boosted to 12 the number of ships in this service.

Zim began calling San Francisco nearly two years ago with 10 ships in a westbound service from the Mediterranean to the east coast of Canada and the United States, the U.S. West Coast and the Far East. The addition of the two ships will improve the line's carrying capacity and increase frequency

ELMA Adds Ninth Ship

Making its maiden call at the Port of San Francisco December 4, the *M.V. Cordoba* boosted the number of vessels in the Pacific Coast service of ELMA (Empresa Lineas Maritimas Argentinas, S.A.) to nine.

"This is the most ships we've ever had in this service," said William Jetter, general manager of ELMA General Agency Corporation. "It is going to allow us to pick up more cargo and still stick to the schedule."

Captain Daniel Olarieta had both his wife and two young children aboard. "It is summer vacation in Argentina," the Captain explained, "so they are able to travel with me now."

ELMA ships call San Francisco approximately every 10 days in the service between Buenos Aires and the west coasts of South, Central and North America. Food products, such as cocoa and apple juice concentrate, make up the highest percentage of cargo discharged at San Francisco's North Container Terminal, operated by California Stevedore and Ballast Company.

Aboard the *M. V. Cordoba* are (from left) Jorges Morales, Williams, Diamond & Co., agent for ELMA; Terry Hamid, Port of San Francisco; Captain Daniel Olarieta with his children Juan Pablo and Maria Soledad; Hessel Roorda, Elma General Agency Corporation, and Christopher Grove, California Stevedore and Ballast Co.

Built in 1977, the 15,895-dwt general cargo vessel has four holds and a total container capacity of 162 TEUs.

John Neudecker, Port of San Francisco, presents welcoming plaque to Captain Huang Binzhang, *M. V. Tao He*. Also participating are Lu Chenggang, U.S. representative for China Ocean Shipping Co. and Walter T. Schriber, Norton Lilly International Inc.

COSCO Begins Expansion

With the entrance of the *M.V. Tao He* into China Ocean Shipping Company's West Coast service, COSCO began an expansion that will increase its competitiveness in the transpacific route. Over the next few months the Chinese shipping line will replace current ships with larger and faster vessels and will increase the number of the ships in the service from five to six.

The *M.V. Tao He* is one of five pure container ships (and former Maersk ships) recently purchased by COSCO. The container capacity of 1,300 TEUs nearly doubles the 724-TEU capacity of the vessel it replaces.

Greeting the first vessel in the expansion program was Lu Chenggang, the new North American representative for COSCO. Based in San Francisco, C.G. Lu, as he is known by his associates here, replaces Gao Weijie who returned to Beijing on the expiration of his visa. Gao was instrumental in establishing the U.S. service in 1981 and had been COSCO's representative here since then.

PORT VISITORS

■ Thirteen International Business students from **California State University, Fresno,** under the leadership of **Dr. Alan R. Waters,** professor of International Finance, visited the Port on November 13 as part of a state-wide tour to gain first-hand knowledge of international business. Fresno currently leads the nation in agricultural exports and will be the largest growth market during the next decade, according to some experts.

A second group of college students visited the Port, January 14. The business and geography students from **Gustavus Adolphus College** in Minnesota, were here to observe first-hand the elements of international trade.

■ **Miyoji Konae**, deputy manager of Port Development for the Port of Osaka, Japan, sister port of San Francisco, toured Port maritime facilities during a visit to San Francisco October 31.

■ **M. Kakisako** from Kitakyushu City, Japan, visited the Port on November 5. His primary interest was in the Port's commercial developments.

■ **Shogo Shimimoto** of the Kanagawa Prefectural Government in Japan met with Port staff in October to learn about the commercial developments that have occurred over the last few years as well as those in the planning stages.

■ A **Harbor Visiting Mission** from the four international ports in Taiwan—Keelung, Kaohsiung, Taichung and Hualien visited the Port of San Francisco November 23 to study maritime development operations and marketing procedures of the Port.

PORT PEOPLE

■ It was Standing Room Only in the Commission Room February 5 when newly elected **Mayor Art Agnos** visited the Port offices to meet Port staff, talk about his plans and answer questions. Afterwards, he stayed around to personally meet and shake hands with everyone who was there. The Port of San Francisco is an agency of the City.

■ Intermodal Manager **Roger Peters** attended the annual WESCCON convention in San Diego October 22–25 where he participated in two panels. In the first, he presented a status report on the operation of U.S. Customs' Centralized Examination Station (CES) that is located in Shed D at the Port of San Francisco's North Container Terminal. The station opened in August and is being operated for the Port by Port Distribution Center. In a second panel, Peters updated the Port's involvement with the electronic data interchange for expediting the movement of cargo.

■ Property Department's **Jim Shields** is back at work with a lot of thanks and gratitude for his co-workers. Suffering from an illness that required many blood transfusions, 27 Port employees plus Ferry Building tenant Cordell Robert Smith (Harbor Shoe Shine) donated blood in a one-day Blood Drive that turned the Commission Meeting Room into a temporary M.A.S.H. unit. Organizers of the successful drive were **Pat Jackson, Renee Jones** and **Sylvia Alvarez-Schwartz**.

■ A "thank you" to all the **Port personnel** who contributed to this years Combined Campaign Drive boosting Port participation 20% over last year. Represented in this City-wide fund-raising appeal are United Way of the Bay Area, Combined Health Appeal of California, Environmental Federation of California and Progressive Way.

A second "thank you" goes to those businesses who provided an extra incentive by donating prizes for our "in-house" Combined Campaign raffle. They are: **Ferry Plaza Restaurant on the Bay**, #1 Ferry Plaza; **Harbor Village Restaurant**, #4 Embarcadero Center; **Hornblower Yachts, Inc.**, Pier 33; **Neptunes' Palace**, Pier 39; **Pier 39 Limited Partnership**; **The Ramp**, 855 China Basin; **Sinbad's Restaurant**, Pier 2, and **3rd Street Auto Supply**, 690 - 3rd Street.

William J. Buenger

William J. Buenger Named Chief Wharfinger

William J. "Bill" Buenger, a veteran of over 21 years in the West Coast maritime industry, has joined the Port of San Francisco as Chief Wharfinger. He succeeds Walter Bowden who retired last spring.

Buenger has held increasingly responsible positions in the operations activities of shipping lines during most of his career. For eight years he was with Lykes Bros. Steamship Co., Inc. in San Francisco, the last four as Director of Operations – Pacific Division. Prior to that he was with States Steamship Company in Long Beach and San Francisco. For the past year he has been West Coast Operations Manager for Container Stevedoring Co. Inc. in Oakland.

Buenger is a graduate of the U.S. Merchant Marine Academy, Kings Point, New York, with a Bachelor of Science degree in Marine Transportation. He served as a commissioned officer with the Navy in Viet Nam, and later was a licensed deck officer on commercial vessels.

The scope of the Chief Wharfinger's position has been broadened, according to Ronald Stone, director of Maritime Affairs, requiring the Chief Wharfinger also to function as a manager of operations for the Port.

As Chief Wharfinger, Buenger will handle all problems that arise at cargo and passenger terminals, ship repair facilities or other maritime facilities. He will supervise the operation of the fishing industry at Fisherman's Wharf, collect wharfage and dockage, and handle safety issues. In addition to these traditional wharfinger responsibilities, he also will administer terminal agreements and oversee terminal operations issues.

PORT PEOPLE

Congratulations to the three Port employees who were winners in the City of San Francisco's Employee Recognition Program for non-management employees.

■ **Maureen Gatt**, senior accounts clerk, was recognized for her outstanding performance in organizing the Accounts Payable Section into an efficiently producing unit, in dealing effectively with other departments, and in successfully handling and completing a variety of projects. She has been with the Port for nearly three years.

■ **James Read**, materials engineer, was recognized for his outstanding performance above and beyond his civil service class. Among these extra services were as a diver for underwater inspection and emergency work, as a dredging project manager making sure that dredging is being done at proper intervals, and as a hazardous materials project manager coordinating the identification, processing and removal of hazardous materials from Port property. Read has been with the Port for 25 years.

■ **George Kennady**, crane mechanic supervisor, was recognized for his innovative accomplishments. Over the six and one-half years he has held this position with the Port, he developed a container crane preventive maintenance management program, and made crane design improvements, through classroom and field instruction turned a group of electricians and machinists into container crane mechanics, and installed, programmed and introduced microcomputers into the crane division. He developed a computerized data base management system and is currently working on a remote crane monitoring telemetering system using the microcomputer.

Winners were honored at a reception January 5, at the Westin St. Francis.

■ Dredging Supervisor **David O'Connell** was presented a commendation from the Port Commission at its January meeting acknowledging his 33½ years of dedicated service to the Port. O'Connell, who retired December 30, had been a member of the dredging staff since he joined the Port in 1954. He was named Dredging Supervisor in 1982. While never "seen", his work maintained the water depth required at the berths of the Port's Container and Passenger Terminals.

Commission President Arthur H. Coleman reads from commendation to Dave O'Connell. On the left is Arthur M. Osborne, director of Engineering and Maintenance.

Showing off both sides of their new bowling shirts are the Port's Wharf Rats (from left in both pictures). Gary Moore, Lonnie Alfano, Richard Mello, Dick Detra, Al Meyer and Alex Parisotto.

■ This fall, six guys from the Maintenance Department decided it was about time the Port was represented in the Municipal Employees Bowling League—and **Wharf Rats** was born. "We're the newest team in the league," explained **Al Meyer**, roofer by day and team captain at night. "Some of these teams have been bowling together for years." But being new doesn't bother the Wharf Rats. In January at the mid-season point (sixteen weeks), the Port team had moved up to 4th place among the 14 teams in the league.

The Wharf Rats can be cheered on every Thursday night beginning at 6:00 p.m. at the L&L Castle Lanes on Geneva. Besides Meyer, other team members are **Rich Mello,** laborer; **Gary Moore,** operating engineer; **Lonnie Alfano,** pile worker; **Alex Parisotto**, street paving supervisor, and **Dick Detra**, roofer. It was Detra who designed the logo for their bowling shirts.

■ Commissioner **Anne Halsted**, **Ronald Stone**, **Vello Kiisk**, **Arthur Osborne** and **Stephanie Cincotta** represented the Port of San Francisco at the American Association of Port Authorities (AAPA) annual convention in Galveston, Texas, in October. Besides attending the meetings and functions, the delegation actively promoted the 1988 AAPA convention that the Port of San Francisco will host September 11–15.

Dramatic Chinese Watercolor Presented to Port

The maintenance department figured something was up when a crew of *five* was summoned to the Ferry Building to hang *one* picture. The picture turned out to be a 19-foot-long Chinese painting, framed and covered with "plastic glass." It took ladders, scaffolding and the better part of a day to complete the installation on the wall of the second floor foyer.

Entitled "One Hundred Horses" the impressive Chinese watercolor was presented to the Port by the artist himself, Li Chi-Mao, and can be viewed from the second-floor foyer or from the third-floor "overlook" at the entrance to the Port offices.

Li Chi-Mao is known internationally for his efforts in introducing China's artistic achievements to the world. His own works are recognized for capturing both the spirit of traditional Chinese painting and the essence of contemporary art. Currently serving as Director of the National Academy of Fine Arts in Taiwan, he is also a university Lecturer of Arts in Korea and a member of several arts committees. His paintings have been exhibited in Europe, Asia, Africa, Australia and North America.

Installing "One Hundred Horses"

If you wish your name to be added to our mailing list, please contact.

Wharfside

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Wharfside is published bi-monthly by the Port of San Francisco

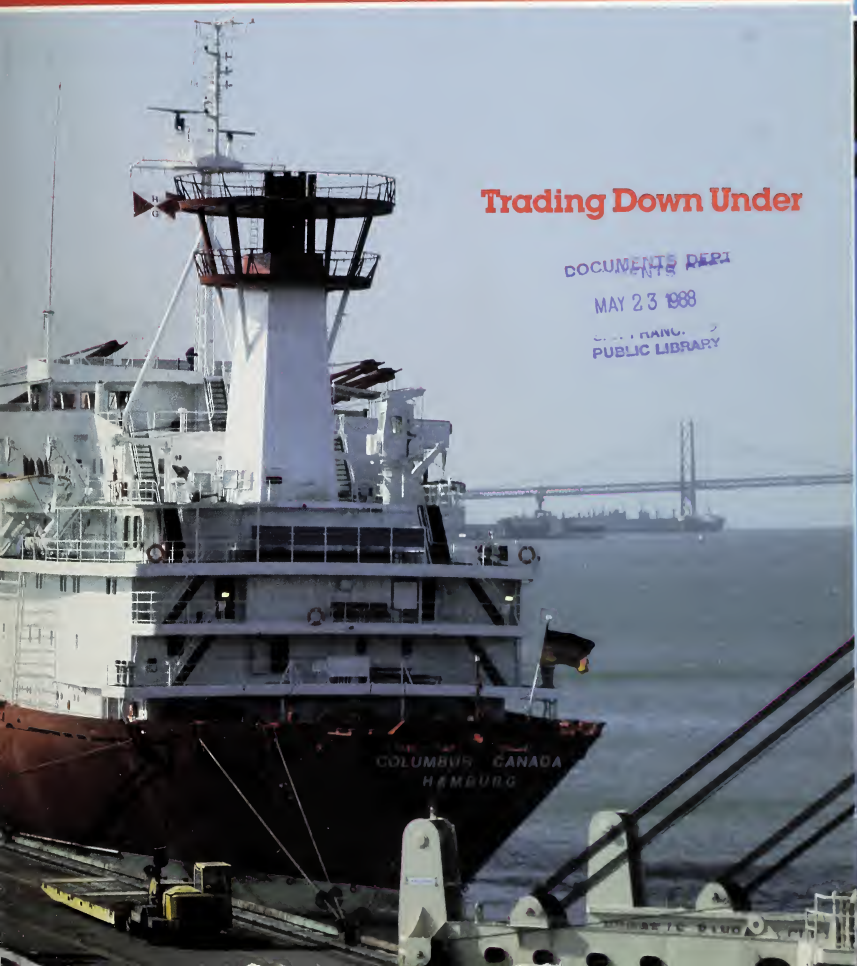
Editor: Nancy F. Pitt
Design: Williams & Ziller Design
Photographs:
Air News Photos

SF
P55
#45
MAR/APR
1988

PORT OF SAN FRANCISCO

Wharfside

March/April 1988



Trading Down Under

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Trading Down Under

Australia and New Zealand are two of our Pacific Rim trading partners with whom the balance of trade is in favor of the United States. This is a comforting fact, though small, at a time when U.S. imports are greatly exceeding exports in the Pacific trade.

The trade balance between Australia and the United States is roughly 2 to 1 now, says Barry J. Hain, Australia's senior trade commissioner in San Francisco. Total exports to the U.S. for calendar year 1987 were US$3.19 billion.

According to Ms. Robin Davidson, trade commissioner for New Zealand here in San Francisco, U.S./New Zealand trade is about equally balanced, but slightly in favor of the U.S. when invisible payments, such as interest, are taken into account.

Australia and New Zealand have always enjoyed close economic relations. In trade they are becoming more like one. The New Zealand Australia Free Trade Agreement, which ran for about 20 years built up a lot of rationalized production of components for manufactured items. During the past few years New Zealand has been pushing for a free trade agreement that may achieve with Australia some of the European Community approaches in trade. Called CER (Closer Economic Relations Treaty Agreement), it is breaking down trade restrictions and import licenses and the two countries are trading almost as a single entity. It is somewhat similar to the proposed U.S.-Canada pact, and both North American countries are carefully watching what happens "down under".

Both Australia and New Zealand are members of the British Commonwealth. But there are probably as many differences between the two countries as there are similarities.

Australia is nearly the size of the continental United States with only 1/15th of the population or 16 million. The land is mostly flat, and 70% of it is so arid that it has been called uninhabitable. In Australia's Red Centre, the sand is a rust red and only minimal rainfall occurs in an average year. Only 10% of Australia is arable. But below the land are valuable minerals. "We have every mineral there is except chromium," says Hain. "Australia has been called a lucky country, and it is."

New Zealand, on the other hand, is hilly and mountainous. Fjords, glaciers and waterfalls characterize it's natural scenic beauty. In New Zealand the arable land is limited by the rugged terrain. But the lower, rolling hills are particularly adaptable to orchards and grassland farming. New Zealand is the size and population of Colorado (3 million people). Its length from the top of North Island to the bottom of South Island is approximately 1000 miles, or just a little longer than the state of California.

Australia Trade Commissioner Barry J. Hain

Both Australia and New Zealand are producing countries whose major exports are agricultural. Australia exports 75% of its agricultural produce. "We (New Zealand and Australia) started out as England's farms," explains Davidson. "We sent most of our primary produce, that is dairy products—milk, cheese and butter—wool, fruit and meat, to the U.K. It was to be an 'unsafe' dependency."

"It became obvious in the early 1960's that the U.K. was going to join the European Economic Community," Australia's Hain added. "It took them 10 years to do it. And during those ten years we built up our trade with Japan and other Pacific Rim countries. By the time the U.K. entered the EEC, we had made the transition. Today, 65% of Australia's trade is with Pacific Rim countries."

New Zealand, too, intensified its efforts to develop alternative export outlets. However, preferential entry was allowed by EEC for certain of New Zealand's export products—namely, butter and lamb. This arrangement continues, although New Zealand has cut to 30% the proportion of its export earnings derived from the European Community and has established new markets in the Middle East and with Pacific Rim countries.

New Zealand Trade Commissioner
Robin Davidson

Over half of Australia's exports to the United States are agricultural or primary produce. Topping the list is beef—ground beef—ready to be turned into patties for America's fast-food market. Other primary

food exports are seafoods, lobster and a little frozen lamb. "Americans don't like the smell of lamb much," says Hain. "We're working on a system now to get the smell out."

About 25% of the exports to the U.S. are made up of manufactured products. This is a growing export for Australia. "When agricultural commodity prices dropped a few years ago, we realized that to compete in the export market, we had to get more Australian manufacturing companies to look into export." Wool, steel products (amount governed by U.S. quota) and minerals make up the other products Australia exports to the U.S. The amount of meat entering the U.S. is subject to regulation each year and depends on domestic supply.

The ship does not return empty. The U.S. exports equipment and raw materials to Australia—computers and office systems, chemicals and pharmaceuticals, automobile components, aircraft and aircraft parts and defense equipment. In a so-called "offset" program with Boeing, Australia buys Boeing aircraft and Boeing buys $250 million in components manufactured in Australia.

While the U.S. is Australia's #2 trading partner (after Japan), we are currently New Zealand's #1—among its top four that also includes Japan as well as Australia and the European Common Market. Exports to the United States are largely agricultural. Beef, boned and frozen ready to be ground into hamburgers, heads the list, followed by milk protein from which non-dairy creamer is made, and then lamb. New Zealand is the world's largest lamb exporter. Other exports are cheese and butter, wool, kiwifruit, Granny Smith apples, blueberries, strawberries and sub-tropical fruit such as tamarilloes, feijoas (a little like guavas) and passionfruit. Fruits like apples and kiwifruit are counter seasonal and New Zealand imports some of these same fruit from the U.S. in the off-season.

More recently developed exports include orange roughy (fish fillets) and venison. The venison as is all beef and lamb in both New Zealand and Australia, grassland fed. There is very little feed-lot raised cattle in either country. This gives the meat a "natural" taste.

"The U.S. has had restrictions on dairy products since 1930," Davidson says. "That's why you may see ice cream with foreign names, but not foreign-made ice cream. For beef, we have a voluntary restraint agreement with the U.S. in some years. Our textile industry has developed and New Zealand is beginning to export apparel to the U.S. Kiwi Beer is now being exported and Steinlager Beer has been exported successfully for several years."

On the import side, in addition to the counter seasonal fruit, New Zealand also imports citrus, raisins and other dried fruit from the U.S. But it is the high tech products, mainly computers, that head the list of New Zealand imports from the U.S. Other significant imports are heavy industrial machinery, natural gas pipe lines and California wine. To promote the development of New Zealand's industry, import licensing on a high percentage of imports was in effect for many years.

Both Australia and New Zealand have gained a lot of attention recently through events and promotions. Australia is particularly "hot" right now following the America's Cup races last year and going into this year's Bicentennial celebration and Brisbane Expo. Promotions of Australian food, drink, and tourism is riding on the wave of popularity. Is there anyone who hasn't seen Paul Hogan slaying crocs or putting shrimp on the "barbie"? "We've seen its effect already on increased trade . . . primarily on consumer products," Hain says.

New Zealand has been gaining attention on its own. Recently, New Zealand's challenge for the America's Cup using a 50 meter boat has received a lot of publicity, and there's more ahead. On a more serious scale, the government's ban on nuclear ships in its ports altered the defense agreement between Australia/New Zealand/U.S. and brought wide recognition for its independent stand. Recent promotions in supermarkets and department stores have drawn attention to New Zealand's products. Americans have learned how to eat a kiwifruit and to sleep on fuzzy wool mattress pads. A chain of apparel stores selling New Zealand clothes exclusively have become very popular here.

"New Zealand is a small country and has always had to live by foreign trade," says Davidson. "Under the current Labor Government which came into power in 1984, there has been a turnabout in trade. A wide range of economic changes were installed. The result is that now New Zealand has a free market economy open to imports, instead of being quite restricted as it had been before. Because of this new economic climate, we are very optimistic about the growth of trade with the United States."

And what's the forecast for trade growth between Australia and the U.S.? "It's just great!" Hain says. "San Francisco is a special market. It has become a good test market or entry market for a lot of Australian products. One example is the Koala Springs mineral water. It was started here in San Francisco and has been a highly successfully export. San Francisco is an especially good market for all food and beverage. Wine sales, nationwide, increased from A$6 million in 1986 to A$22 million in 1987. Beer went from A$12 to A$22. We know that much of this is due to West Coast and particularly San Francisco acceptance of the product."

This jibes with the Port of San Francisco import figures which show that in 1987 alcoholic beverages jumped to the #2 spot in imports from Australia following refrigerated meat. Refrigerated meat also topped the imports from New Zealand followed by fresh chilled fish. Textiles and leather work was New Zealand's second biggest import through the Port of San Francisco in 1986.

Simple geography shows why the West Coast is the predominant point of entry and exit for Australian/New Zealand goods and commodities. Since 1983, the Bay Area has captured an increasingly larger proportion of this trade. According to preliminary figures for 1987, 44% of Australia/New Zealand imports entering the West Coast came into the Bay Area and 24% of the exports left via the Bay Area.

A large percentage of the Australia/New Zealand trade that comes through the Port of San Francisco is carried by Columbus Line, whose expertise in handling perishable cargo on this trade route goes back to the early 1960's. It started when Columbus Line obtained approval from the New Zealand Meat Board to carry shipments of beef and lamb to the west coasts of United States and Canada. By 1962 Columbus had turned it into a regular liner service. Because of the high percentage of meats, seafood and other perishables carried on this route, all Columbus ships in this service are equipped to accommodate a large number of reefer containers. Columbus Line regularly calls the ports of Sydney, Melbourne and Brisbane in Australia and the New Zealand ports of Wellington and Auckland.

Nedlloyd Line serves Australia's west coast from San Francisco offering direct service to Freemantle via Papeete.

Sitmar Cruises

Sitmar is counting its blessings and good sense (also read "cents") for keeping San Francisco the embarkation port for its *FairSky* cruises to Alaska this season. Bookings for the nine cruises aboard this luxury 1200-passenger cruiseliner are very strong with several already sold out. In contrast, the average vacancy factor on Alaska cruises this year was rumored to be around 30% in early March.

"San Francisco has always been a successful home port for us," explains Bill Smith, Sitmar's senior vice president-marketing and sales. "Not only is it a gateway to one of the most popular destinations we offer—Alaska—but the city itself has great appeal to our passengers. And there's nothing like starting your cruise sailing under the Golden Gate Bridge."

Sitmar offers 2- and 3-night "Cruise Plus" pre- and post-cruise packages on its departures from San Francisco as well, giving passengers the opportunity to extend their vacation with extra time for sightseeing in San Francisco.

Sitmar Cruises, headquartered in Los Angeles, began North American cruising in 1971 with two 925-passenger ships, the *FairSea* and the *FairWind*. Formerly Cunard vessels, the two ships were completely rebuilt to suit the needs of their new market. A pioneer in the West Coast cruise industry, Sitmar first called San Francisco in 1971 for Canada/Alaska cruises. Since then the 25,000-ton, 608-foot-long sisterships, which have both earned a prestigious five-star rating from "Fieldings Worldwide Cruises" guide, have cruised the waters of the Mexican Riviera, Panama Canal, the Caribbean and Alaska. In 1984 the *FairSea* and *FairWind* underwent an extensive $25 million remodeling.

That same year, 1984, Sitmar introduced its brand new 790-foot, 46,000-ton *FairSky*. At the time it was the largest passenger ship specially built for cruising. The luxury liner made its initial call at San Francisco on June 2 amid fireworks and fanfare to take over the line's Alaska cruises. Built in France by CNM Shipyard, at a cost of $150 million, the *FairSky* was the first of a bevy of new 1200-plus capacity passenger ships that were entering the cruise market.

Although of Liberian registry, all three of Sitmar's ships are definitely Italian, with Italian officers, and an Italian and Portuguese crew. An executive chef and nearly 40 Italian cooks aboard each ship prepare a wide variety of cuisine which you can be sure includes an equally wide variety of pasta dishes. An on-board pizzeria serves individual made-to-order pizza throughout the day. And among the activities available on Sitmar ships are Italian language lessons.

In addition to Sitmar's standard 7-day to 14-day cruises on its traditional North American routes—Caribbean, Mexican Riviera, Canada/Alaska and Trans-Panama Canal, the line recently expanded its itineraries to include the Amazon, New England and Eastern Canada and the South Pacific. In October, the *FairSea* sails from San Francisco on a Grand Adventure cruise to the South Pacific, Australia and New Zealand. In 1989, Sitmar will further expand its global deployment with cruises to Europe and Rio de Janeiro.

Sitmar has become known for having the best air/sea program in the industry. Round trip air transportation from 150 cities in North America is included on all cruises, with the exception of South Pacific and Europe, where low-cost add-ons apply.

Repeat business is one way of judging success. A full 70% of the passengers it carries have cruised before, and 33 to 50 percent of those have cruised Sitmar.

Optimistic about the cruise industry potential, Sitmar plans to double its fleet by 1991. The first new ship slated for introduction in March 1989, is the $150 million *FairMajesty*, a 1400-passenger superliner currently being built for Sitmar by Chantiers de l'Atlantique of the Alsthom Group in Saint Nazaire, France. Several revolutionary features of the *FairMajesty* include a glass-domed observation lounge bar with a 270 degree view, a three-level entry foyer, a multi-tiered dining room and an in-pool bar in one of the ship's three swimming pools. (There's a waterfall in one of the others.) And as you might expect on an Italian-flavored Sitmar ship, there is a wine bar, a bar serving expresso and cappuccino, and the trademark pizzeria. *FairMajesty* will make San Francisco its home port during the summer, taking over the 12-day Canada/Alaska route.

In addition, two 70,000-ton ships are on order from state-owned Fincantieri shipyard at Trieste. These two 1,800-passenger ships are due to enter service in late 1989 and 1990 respectively. The Italian built ships will have the same features as the *FairMajesty*, but unlike the cruise line's other vessels, they will sail under the Italian flag.

Sitmar's *FairSky* in San Francisco.

Pier 35 Passenger Terminal on a busy day

San Francisco Goes After Cruise Business

Strong unified marketing of the City of San Francisco itself is the first step in attracting more cruise business to San Francisco. This was the unanimous consensus of cruise industry executives who met March 31 at the request of the Port of San Francisco to consider how to attract more cruise ships and passengers to San Francisco.

However, once this marketing effort succeeds, the cruise line executives agreed, San Francisco will need an improved cruise terminal to better handle multiple ship dockings of the larger vessels entering the market and to more efficiently process passengers, baggage and vehicles.

Attending the meeting was San Francisco Mayor Art Agnos who presented the conceptual proposal by Scandinavian investors for building a new cruise terminal, or rebuilding the present one, as part of a development package that includes a cruise-related hotel and Scandinavian trade and cultural center. (See story on page 11) This is one of several concepts that have been proposed.

Over 40 people representing cruise lines, travel agents, hotels, restaurants, transportation, suppliers, neighborhood and business groups, media, Mayor's office and the Port attended this first meeting of the San Francisco Cruise Industry Task Force. Membership on the task force is open to anyone with an interest in helping San Francisco's cruise market grow. The objective of the task force is to generate and implement a viable marketing plan to increase San Francisco's volume of passenger business.

A panel of cruise line executives zeroed-in on the advantages and disadvantages of San Francisco from the cruise operators viewpoint and suggested what the task force could do.

Warren Titus, president of newly formed Signet Cruises and with nearly 30-years experience heading San Francisco-based cruise lines, summed up San Francisco's advantages as climate, beauty, visibility of the ships in dock and the popularity of the City. The disadvantage, he says, is geographical. San Francisco is days further from Mexico and Canada/Alaska. But he believes a strong unified sales effort could overcome this disadvantage since the San Francisco Bay Area is potentially as strong a cruise market as any in the United States. Signet Cruises will begin operations in December with its first ship, the *Signet Pride*, calling San Francisco December 19–20.

Joseph Watters, president of Royal Viking Line which has been headquartered in San Francisco since its inception in 1970, reported that of the 150 worldwide ports called by Royal Viking, San Francisco is the only U.S. port ranked in the top ten in passenger popularity (fourth). This parallels the findings of MARKETSCOPE, a research firm in Florida that found in a recent survey of cruise passengers that San Francisco is the most popular port city. Because of passenger popularity, San Francisco is one of Royal Viking's regular ports-of-call. Altogether Royal Viking has made 265 ship calls in San Francisco, each of which contributed $250,000 to the local economy. In addition, the headquarters office here employs 200. The Line's new vessel, the *Royal Viking Sun* will be christened in San Francisco in January 1989.

This year Sitmar Cruises will make more calls at San Francisco than any other cruise line. Marketing and Sales Vice President William Smith said the line has been marketing its pre- and post-cruise packages as part of its sales effort which has generated additional passenger expenditures in San Francisco. Promotion of this type of package should be considered by the task force. Sitmar will also soon have a new ship, the 62,000-ton *FairMajesty*, which will be based in San Francisco for Alaska cruises beginning in May 1989.

While Royal Cruise Line is headquartered in San Francisco and provides 130 local jobs, its ships do not call here. Duncan Beardsley, senior vice president of Marketing, Royal Cruise Line, agreed with the other cruise ship operators that San Francisco is a very desirable port, the passenger terminal is adequate and the Port costs and service are competitive. The disadvantage of San Francisco is strictly geographic and economic. The additional

days spent aboard a ship calling San Francisco before or after Los Angeles adds several hundred dollars to the passenger cost. This is significantly more than the airfare between San Francisco and Los Angeles. Because of the perception by cruise operators of San Francisco's limited competitiveness, Beardsley felt that San Francisco needs a "big idea", such as the creation of a new, accessible tourist attraction, to offset this feeling and to generate a strong passenger demand for San Francisco.

Titus suggested that the task force should do four things to attract new cruise lines or more cruise calls in San Francisco. Show the lines that they are wanted in San Francisco; have a concerted focused marketing effort; make sure that needed marketing tools are provided, and finally, be persistent.

The task force agreed to begin work in two areas—identifying the current and new market opportunities and creating attractive incentive packages to help cruise lines sell San Francisco as a port-of-call. A working committee was formed for each topic and will report back to the task force in four to six weeks.

The task force brings together for the first time in San Francisco the cruise industry, visitor industry, and the City and Port of San Francisco in a joint marketing effort to bring more cruise ships to San Francisco and more passenger dollars to San Francisco's hotels, restaurants, shops and entertainment attractions.

Last year passengers spent an estimated $20,000,000 in San Francisco hotels and restaurants, and for shopping and entertainment. In addition, the average cruise ship spent $70,000 to $100,000 for goods and services in preparation of a San Francisco-based departure. The total economic impact of the cruise industry on San Francisco from both direct and indirect expenditures is estimated at between $60,000,000 and $70,000,000 annually. In addition, a wide variety of jobs, from stevedores to ship supply vendors to local restaurant workers, is tied to the health and growth of San Francisco's cruise industry.

San Francisco has always been a popular port-of-call. Since 1980 the number of ship calls and passengers handled increased steadily—until last year. In fiscal year 1986–87, 111 ships called at San Francisco, down 17% from the year before, and 73,000 passengers embarked or disembarked at San Francisco, down 28%. Some of this decline can be attributed to the comparison with an inflated 1985–86 Vancouver Expo season. The prime destination markets from San Francisco have been the Alaska cruises in summer and the Mexican Riviera cruises in the winter. However, the trend toward shorter cruises with closer-to-destination ports of embarkation is beginning to be felt by San Francisco's cruise industry.

Summer Sailings from San Francisco Pier 35

MAY	VESSEL
2	Rotterdam[1]
3/4	Europa
21	Noordam
22	Island Princess
31/1	Europa
JUNE	
6	Stardancer
8	Fairsky
8	Sagafjord[2]
11	Royal Viking Star
20	Fairsky
JULY	
2	Fairsky
14	Fairsky
26	Fairsky
AUGUST	
7	Fairsky
16	Royal Viking Star[3]
19	Fairsky
21	Fairsky
SEPTEMBER	
7	Sagafjord[4]
12	Fairsky
12	Cunard Princess
15/16	Monterey
17	Rotterdam[5]
20	Stardancer
21	Regent Star
24/27	Fairsky
28	Nieuw Amsterdam

Destinations & Itinerary

Fairsky
Nine 12-day round trips to Alaska: Victoria, Vancouver, Port Hardy, Ketchikan, Juneau, Skagway, Glacier Bay, La Perouse Glacier, Sitka.

An optional San Francisco Cruise Plus package is available before or after the cruise and includes hotel accommodations, city tour, hotel porterage and airport/hotel/Pier 35 transfers.

For further information:
Sitmar Cruises,
10100 Santa Monica Boulevard,
Los Angeles, CA 90067
(800) 421-0880, (213) 553-1666 or
contact your travel agent.

★ ★ ★ ★ ★

Royal Viking Star
Two 11-day cruises to Alaska and Canada: Seattle, Victoria, Sitka, Glacier Bay, Skagway, Haines, Juneau, Ketchikan, Vancouver. (The June cruise departs from San Francisco and finishes in Vancouver, while the August cruise finishes in San Francisco having departed from Vancouver.)

[3]After discharging passengers from the Alaska cruise, the ship embarks on 23-day Northern Circle cruise up the coast of Canada and Alaska to Kobe, Japan.

Free 2-night pre-cruise (or post-cruise) San Francisco package includes hotel accommodations, sightseeing tour, hotel porterage and transfers between airport, hotel and Pier 35.

For further information:
Royal Viking Line, 750 Battery Street,
San Francisco, CA 94111
(800) 422-8000 or (415) 398-8000 or
contact your travel agent.

★ ★ ★ ★ ★

Noordam
3-day northbound cruise to Vancouver, B.C., with a call in Victoria.

For further information:
Holland America Line, 300 Elliott Ave. West,
Seattle, WA 98119
or contact your travel agent.

★ ★ ★ ★ ★

Nieuw Amsterdam
5-day southbound cruise to Acapulco with calls in Los Angeles and Cabo San Lucas.

For further information:
Holland America Line, 300 Elliott Ave. West,
Seattle, WA 98119
or contact your travel agent.

Regent Star
Passengers will disembark following a 3-day "Jazz Festival" cruise from Victoria, B.C. Jazz entertainment will include Dizzie Gillespie, Leonard Feather, Gerald Wiggins, Sr., Sandy Graham and W.G.J. Women. Passenger musicians can bring instruments along and jam with the professionals.

For further information:
Regency Cruises,
260 Madison Ave., 18th Floor,
New York, NY 10016
(800) 457-5566 or
contact your travel agent

★ ★ ★ ★ ★

Island Princess
Called the "Loveboat Sampler", this is a 4-night cruise from San Francisco to Vancouver with a call in Victoria, and includes a fifth night in Vancouver.

For further information:
Princess Cruises, 2029 Century Park East,
Los Angeles, CA 90067
(800) 354-4441 or
contact your travel agent.

★ ★ ★ ★ ★

Stardancer
5-night coastal cruise from Los Angeles to Vancouver calling San Francisco and Seattle. (September cruise is for 6-nights in a reverse itinerary from Vancouver to Los Angeles. On the northbound cruise passengers can board the ship in San Francisco. On the southbound cruise, passengers can disembark in San Francisco.

For further information:
Admiral Cruises, Inc., 1220 Biscayne Blvd.,
P.O. Box 010882, Miami, FL 33101
(305) 374-1611 or
contact your travel agent.

★ ★ ★ ★ ★

Cunard Princess
9-day cruise to Acapulco with calls in Los Angeles, Cabo San Lucas, Mazatlan, Puerto Vallarta, Zihuatanajo.

For further information:
Cunard/NAC, 555 Fifth Avenue,
New York, NY 10017
(800) 221-2400 or (800) 228-6449 or
contact your travel agent.

★ ★ ★ ★ ★

Rotterdam
[1]4-day northbound cruise to Vancouver, B.C., with calls in Victoria and Seattle.

[5]5-day southbound cruise to Acapulco with a call at Zihuatanejo/Ixtapa.

For further information:
Holland America Line, 300 Elliott Ave. West,
Seattle, WA 98119
or contact your travel agent.

Sagafjord
[2]2-day cruise to Vancouver and Alaska Ketchikan, Juneau, Skagway, Sitka, Hubbard Glacier, Valdez, Columbia Glacier, Prince William Sound, Seward, Kenai Fjord National Park, Homer, Anchorage

[4]5-day cruise from Vancouver to Los Angeles visiting San Francisco and Santa Barbara. Passengers can disembark in San Francisco but cannot board.

For further information:
Cunard/NAC, 555 Fifth Avenue
New York, NY 10017
(800) 221-2400 or (800) 228-6449 or
contact your travel agent

★ ★ ★ ★ ★

Europa
Calls San Francisco in its cruise from Europe, through the Panama Canal up the West Coast to Vancouver and Victoria, B.C. and return. This is only the third time the Hapag-Lloyd passenger ship has called here since its maiden call in 1983

For further information:
Hapag-Lloyd (America) Inc.,
1221 Broadway, Suite 2200,
Oakland, CA 94612,
(415) 763-7002 or
contact your travel agent.

★ ★ ★ ★ ★

Monterey
6-day Grand Homecoming Cruise to Honolulu with a call at Monterey, California. This cruise follows the 47-day "maiden" voyage from Copenhagen to San Francisco

For further information:
Aloha Pacific Cruises,
510 King Street, Suite 501
Alexandria, Virginia 22314,
(800) 544-6442 or
contact your travel agent

★ ★ ★ ★ ★

Glacier Bay Explorer
3-night cruises of the California Delta visiting Sausalito, Stockton, Lodi, and Sacramento depart from Pier 33 every third day in April and May, beginning April 3, for a total of 19 round-trip cruises. (The *Glacier Bay Explorer* returns in the fall for 25 additional cruises beginning September 12.)

For further information
Exploration Cruise Lines,
1500 Metropolitan Park Building,
Oliver and Boren Streets,
Seattle, WA 98101,
(800) 426-0600 or (206) 624-8551 or
contact your travel agent

Paul M. Wolff, National Ocean Service and IGOSS representative, (left), presents plaque to Columbus Line's Jan U. Stolzenburg. On the right is Paul Stevens, U.S. Navy.

Columbus Line Honored for Contribution to Weather and Ocean Studies

The Integrated Global Ocean Service System (IGOSS), a world-wide oceanographic data collection and dissemination service under the United Nations, recently presented a commendation to Columbus Line for its participation in the IGOSS Ship of Opportunity program. Under this program, commercial ships are used to drop temperature probes, known technically as expendable bathythermographs or XBTs, at sea and relay the data to a receiving station. Columbus Line has participated in the program since its inception ten years ago. Five Columbus Line ships, operating in both the East Coast and West coast routes between the United States and Australia/New Zealand, are currently being used.

Mr. Paul M. Wolff, an assistant administrator for the National Oceanic & Atmospheric Administration (NOAA) in Washington, D.C., and the U.S. representative for IGOSS, made the presentation to Columbus Line's Jan U. Stolzenburg in San Francisco. Stolzenburg is vice president for Columbus Line's Pacific Coast operation. Also participating was the local representative for the program, Paul Stevens, manager of the U.S. Navy's Cooperative Oceanographic Observation Program, Monterey, California. NOAA administers the program for the United States.

Worldwide, over 300 volunteering vessels have become "ships of opportunity". By piggybacking on commercial ships, U.S. Navy vessels, university and NOAA research ships, the program is able to save almost 99% of the data-gathering costs.

Probe launchers and temperature recording instruments are fitted onboard each participating vessel. The probes are dropped at sea at regular intervals and measure ocean temperature, salinity and information on currents. This subsurface data together with observations about wind, temperatures, pressure, waves and swells, and ice, are automatically transmitted via satellite to a receiving station at Wallops Island, Virginia. From here the information is passed into NOAA's National Environmental Satellite, Data and Information Services facility in Suitland, Maryland, where it is available to interested users. After review, the data is placed on the Global Telecommunications system for international use.

Ocean temperatures are used to make long range weather predictions, monitor the atmosphere's "greenhouse" effect and as a secondary indicator of the extent of acid rain contamination. This data is an invaluable aid to commercial shipping. By being able to chart a ship's courses at optimum temperature, operating costs can be substantially reduced.

Columbus Line's Pacific Coast operation is headquartered in San Francisco. The Line has been calling the Port of San Francisco since 1962 and currently operates four fully cellular ships in its West Coast service.

Port Visitors

With the cooperation of California Stevedore and Ballast Company, over 100 students from across the country toured North Container Terminal on March 16 as part of a conference on Pacific Rim trade arranged by the **Close Up Foundation**. The four bus-loads of students watched as cargo was being discharged from a containership and learned about the Port's place in the global market.

Participants in "Leadership San Francisco", a program of the **San Francisco Chamber of Commerce** to develop long-term leaders knowledgeable about the City, became more knowledgeable about the Port March 17 when they were given a waterside tour of Port facilities aboard a Blue and Gold Fleet boat. Port staff described the uses of the facilities and the Port's contribution to the local and regional economy. Persons selected to be in this leadership program (42, this year) are already actively involved with community service organizations throughout the City.

Danes Propose Big Waterfront Development

A proposal by Danish investors to build a new cruise passenger terminal, Scandinavia center and Pacific fisheries center was announced by San Francisco Mayor Art Agnos at a press conference in the Ferry Building, May 24. Although Agnos stressed that it was "far from a done deal", he has presented the $61 million project proposal to the Cruise Industry Task Force and the Citizens Advisory Committee on Redevelopment of Fisherman's Wharf. The Port Commission has asked staff to look into its financial feasibility before it considers the proposal at an upcoming Commission meeting.

The concept proposal, originally presented to the Mayor by the consular representatives of Denmark, consists of three basic elements.

A Pacific fisheries center would be built on Pier 45 in an area that has already been earmarked and set aside for a fisheries institute.

"This proposal allows us for the first time to see a viable opportunity for financing the construction of that fisheries institute," Agnos said.

The center would contain research and education facilities, a computer-controlled fisheries exchange for the sale of seafood products throughout the Pacific and a fisheries museum. It would be modeled after the well-known and successful North Sea Center in Denmark.

The Scandinavia Center would be a trade and cultural hub for Scandinavian interests and for the international business community. The center would include art displays and shops featuring Nordic arts and crafts, as well as a permanent exhibit area. Office space would be available for Scandinavian firms engaged in maritime or trade-related activities. A small 150- to 200-room hotel and restaurants featuring Scandinavian cuisine would be part of the center plan.

The Cruise Passenger Terminal now located at Pier 35, would be rebuilt and expanded to include Pier 33, or an entirely new passenger terminal built in a different location. Piers 30–32 and 27–29 have been mentioned as possible sites. It has been suggested that Scandinavian-owned cruise lines not already calling San Francisco might be likely to follow their investment dollars.

Mayor Art Agnos announces Scandinavia Center Proposal. With him (from left) are Art Osborne, director of Engineering and Maintenance, Port of San Francisco; Peter Grenell, executive director, California Coastal Conservancy, and Henning Kristiansen, Royal Danish Consul General.

Port Rail Interests Represented on Transit Authority

Roger L. Peters, intermodal manager has been appointed by Mayor Art Agnos to be his representative on the San Francisco Peninsula Joint Powers Board the three-county authority that was formed to take over operation of the CalTrain commuter service from the state. The California Department of Transportation currently operates CalTrain under a contract with Southern Pacific which owns the rail line. The contract expires July 1, 1990.

The Joint Powers Board includes three representatives from each of the counties on the rail corridor between San Francisco and San Jose—Santa Clara, San Mateo and San Francisco counties. Other San Francisco representatives are Supervisor Carol Ruth Silver and Douglas Wright, planning director, San Francisco Public Utilities Commission.

Of special concern to the Port is the possible purchase by the Board, or a similar agency, of the Southern Pacific rail right-of-way between San Francisco and San Jose. Should this occur, it is important that rail freight service be maintained on this corridor. Peters' presence on the Board assures freight users that the need for retaining and improving freight service on this rail corridor is made known. All intermodal rail service to and from the Port's container terminals and Intermodal Container Freight Station move over this rail corridor.

To present an even stronger case, the Port has organized more than 50 companies located along the rail corridor into a Freight Users Coalition. Rail service is a lifeline for many of these companies. Currently, there is seven-days-per-week rail service between the Southern Pacific rail hub at Tracy and San Francisco. The Coalition's objective is to make sure that any decisions on the future use of the corridor take into consideration the total needs of the Peninsula region. . . . freight as well as commuters.

How could we miss Pepe's!

In the January/February *Wharfside* **Pepe's Mexican Cafe** at Pier 39 was inadvertently omitted from the list of businesses that donated prizes for the "in-house" Combined Campaign raffle. The Port is grateful to Pepe's for its participation especially **Brian Chow** maintenance department. He was the winner of the Pepe's gift certificate.

Seminar Spreads the Good Word on Foreign Trade Zones

A one-day seminar on foreign trade zones sponsored by the National Association of Foreign Trade Zones in cooperation with Bay Area foreign trade zones was held March 29 at the Hyatt on Union Square in San Francisco. The nearly 100 FTZ operators and users (or potential operators and users) who attended the sessions heard discussions on what foreign trade zones are, how they can be used and ways to improve operations and marketing.

A foreign trade zone is an area within the United States but outside Customs territory where foreign and domestic goods may generally be stored, processed, or manufactured duty free. Goods are subject to duty only when they leave the zone for import into the United States. Foreign Trade Zones can offer a number of cost-saving advantages to importers, but many potential users do not understand how an FTZ can benefit them.

The Port of San Francisco's Foreign Trade Zone #3, currently located at Piers 19/23, has been in continuous operation since 1948. Foreign Trade Services, Inc., headed by Ed D. Osgood, began operating FTZ#3 for the Port in 1977.

Using a format of lectures and round-table discussions, the seminar addressed a range of topics that included current uses of zones, special advantages to user firms and effective zone marketing.

John J. Da Ponte, Jr., executive secretary, Foreign Trade Zones Board, U.S. Department of Commerce, discusses success of seminar with Ronald L. Stone, director of Maritime Affairs, Port of San Francisco, and Ed D. Osgood, president, Foreign Trade Services, Inc., operator of FTZ#3.

MAIDEN CALLS

Zim Pusan Makes It an Even Dozen

The *M.V. Zim Pusan*, a full containership with a 2300-TEU capacity, made its maiden call at the Port of San Francisco March 25. The addition of the *Zim Pusan* and sistership *Zim Livorno* (in December) increased the number of ships in the line's Far East/U.S. West Coast/U.S. East Coast/Mediterranean service to 12 and improved frequency from 10-day to 9-day intervals. The addition of the two vessels has increased the capacity in this route 24% bringing the total to 23,940 TEUs.

The *Zim Pusan* arrived in the morning and docked at South Container Terminal, operated by Stevedoring Services of America. 138 containers were loaded/unloaded, and by dinnertime the vessel was once again underway, heading for Japan.

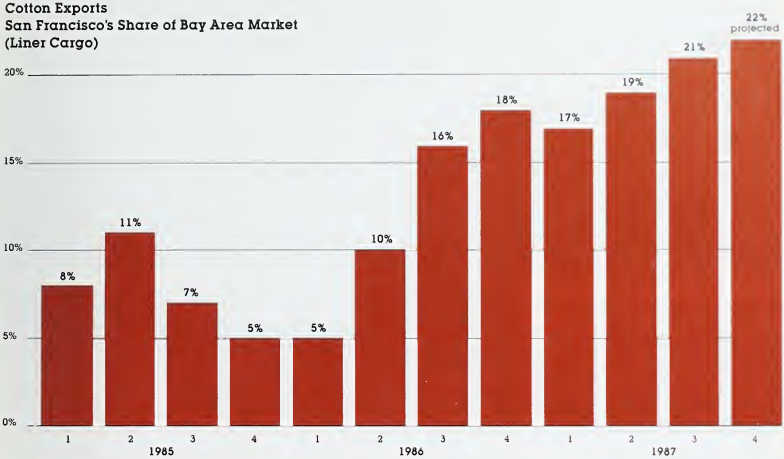
Terry Hamid, sales manager for the Port, presents traditional welcoming plaque to *Zim Pusan's* Captain Andreas Panagiotatos.

Port of San Francisco's Corner on Trade

This was a bumper year for U.S. cotton exports. The Port of San Francisco captured an increasing share of those exports, moving from 8% of the Bay Area market in the first quarter of 1985 to a projected 22% in the fourth quarter of 1987.

While the cotton "season" was considered over in December, cotton exports are still moving through the Port of San Francisco.

Cotton Exports
San Francisco's Share of Bay Area Market
(Liner Cargo)



Study Shows Ports' Economic Impact

The Golden Gate maritime industry combined with port user industries contributes more than $10.8 billion to the regional economy and provides at least 79,000 jobs, according to a study just released by the Golden Gate Ports Association. The study, prepared by Recht Hausrath & Associates, Oakland, California, and Temple, Barker & Sloane, Inc., Lexington, Massachusetts, covers the 16-county region comprising the San Francisco Bay area and the Sacramento/Stockton regional areas.

The Golden Gate Ports Association includes the ports of San Francisco, Oakland, Redwood City, Richmond, Sacramento and Stockton.

The Golden Gate maritime industry alone provides over 45,000 jobs with a payroll of $1.2 billion, generates $3.0 billion in sales transactions and pays state and local taxes of $192 million. For every $1.00 received by the maritime industry, $1.87 is generated in total economic benefit to the region.

Port-user industries are those that benefit from trading through the ports. Access to larger markets and to supplies enables increased production and employment.

For a copy of GGPA's Regional Economy report, write or call the Maritime Department, Port of San Francisco.

Port's First Industrial Hygienist

Last fall **Barbara Cooper** joined the Engineering Department as the Port of San Francisco's first Industrial Hygienist and the fourth member of the department's newly created Environmental Safety and Health Section. Cooper is under permanent assignment from the San Francisco Department of Public Health, and comes to the Port after two years of similar work for the Naval Air Station in Alameda. She holds a Masters of Science Degree in Environmental Science and Engineering from the University of North Carolina in Chapel Hill.

Although the field of industrial hygiene is not new, it has only been recently that governments and corporations have hired professionals on a permanent basis.

Cooper's job at the Port is one of inspection, recommendation and education. The goal of her work is to provide a safe and hazard-free environment for workers and to educate those employees who, because of the nature of their work, may be exposed to hazardous materials.

Besides Cooper who is the program coordinator, other members of the Port's Environmental Safety and Health Section are **James E. Read**, materials engineer and section leader; **David Holmes**, civil engineer and hazardous materials information manager, and **Kenneth Hayes**, engineering aide and hazardous waste manager.

A Brighter Bridge over Competitive Waters

Staff members from the ports of Oakland and San Francisco got together the evening of March 21 to witness and celebrate the permanent lighting of the San Francisco-Oakland Bay Bridge. The view of the bridge from the Ferry Building deck outside Port of San Francisco offices dramatically changed at exactly 9:15 p.m. when Governor Deukmejian, at the World Trade Club next door, threw the switch that turned on the 842 permanent fluorescent lights. The permanent lights replace the temporary lighting installed for the Bridge's 50th birthday party November 1985. Acting Executive Director Vello Kiisk and Commissioner Arthur Coleman greeted the Port of Oakland guests.

Enjoying the brighter view are (from left): Deputy City Attorney Lisa Clay; Supervisor Bill Maher; Jack Conrad, Port of San Francisco; Jim Putz, Port of Oakland; Vello Kiisk and Roger Peters, Port of San Francisco; Charlie Roberts, Mrs. Roberts and Jack Knecht, Port of Oakland.

■ **Vello Kiisk**, acting executive director, **Ronald L. Stone**, director of Maritime Affairs, **James Ho**, deputy mayor of San Francisco for International Business, and **Veronica Sanchez**, Mayor's Office representative, were in Taiwan during the week of March 21 to meet with Evergreen's Chairman Y. F. Chang. The group also met with Taiwan investors to promote the opportunities for investment in San Francisco. Before leaving for Taiwan, Stone was in New York meeting with shippers and shipping line customers.

■ Intermodal Manager **Roger Peters** represented the Port at the California Truckers Convention held in Coronado on February 8 and 9. Two major items under discussion, and of special interest to the Port, concerned truck receiving and delivery at ocean terminals and the use of computerization at the entry gates. Over the last two years, the Port has worked with the terminal operators California Stevedore and Ballast Co. and Stevedoring Services of America, Inc. to decrease truck pick-up and delivery time at both North and South Container Terminals. Construction of a new entry gate at South Terminal was recently completed. (North Terminal underwent gate improvements last year.) The results are more incoming and outgoing truck lanes, streamlined traffic flow patterns and simplified entry procedures through the expanded use of computers.

The revised 1988 *Trucking Guide of the Port of San Francisco* was distributed at the convention. Copies can be obtained from Roger Peters, Intermodal Manager, Port of San Francisco, Ferry Building, San Francisco, CA 94111.

■ **John Neudecker**, trade development manager, was in Fresno March 13 and 14 to attend a meeting of the Fresno Transportation Club and to address several local groups on the "Port's Role in International Trade". Fresno is in the heart of California's prime agricultural region and contributes heavily to the state's exports. Neudecker spoke at California State University at Fresno to an International Business Studies class and an International Business Asso-

David Luce, Lloyd Brasileiro, and a masked couple, were among the 250 Port customers attending this year's "Carnival" reception February 10 in the lounge at the Pier 35 Passenger Terminal. This is the single event of the year when the Port hosts its maritime users.

ciation study group. Later, he addressed the International Committee of the Fresno Chamber of Commerce.

Terry Hamid, sales manager, represented the port at the March 2 meeting in Portland of the Western States Coalition for Effective U.S. Customs Service. Quintin L. Villanueva, Jr., regional commissioner of Customs, U.S. Customs Service, Los Angeles, briefed members of the Coalition on specific Customs programs and the prospects for an increased budget in 1989. Of the 1184 additional Customs personnel for fiscal year 1988, 70% have been allocated to the Pacific Region with 13 assigned to the Bay Area. Traveling up the coast, Hamid later met with shipping line customers in Vancouver, B.C.

Coast Guard cutter *Eagle* returns from Australia

America's Tall Ship Visits San Francisco

Although it was before 8:00 o'clock on a Saturday morning, hundreds of people were gathered along the shore and at Pier 45 on March 26 to welcome back the Coast Guard's square-rigged sailing ship *Eagle*. The picturesque barque was returning from the longest voyage in its 52-year life—to Australia where it had represented the United States in several bicentennial events. *Eagle* participated in the Tall Ship race from Hobart to Sydney and in the Tall Ship parade in Sydney Harbor January 26 that opened the year-long celebration.

Under full sail, the *Eagle* glided serenely into San Francisco Bay on the last leg of its 26,000-mile round-trip that began last September in New London, Connecticut. A fleet of 18 Coast Guard craft and San Francisco's fireboat *Phoenix* escorted the 295-foot vessel to its berth at Pier 45. The *Eagle* last visited San Francisco in 1978.

Built in Germany in 1936 and acquired as a World War II reparation, the wind-powered cutter is now used primarily as a training ship, providing a seagoing classroom for cadets and instructors of the Coast Guard Academy. The *Eagle* can carry up to 200 cadets.

Nearly 20,000 people visited the *Eagle* and the cutters *Midgett* and *Morgenthau* during the two days they were in San Francisco.

If you wish your name to be added to our mailing list, please contact:

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Wharfside is published bi-monthly by the Port of San Francisco

Editor: Nancy F. Pitt
Design: Williams & Ziller Design
Photographs:
Air News Photos

SF
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JUN/JUL
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PORT OF SAN FRANCISCO

Wharfside

June/July 1988

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Two Shipping Lines Move to San Francisco

Blue Star Line and ACT/PACE Move to San Francisco

Blue Star Line and ACT/PACE shifted their Bay Area operations to San Francisco, joining Columbus Line in a five-year agreement with the Port.

The new-to-San Francisco lines are expected to bring in $100,000 additional annual revenue to the Port.

Columbus Line has been a user of the Port of San Francisco for 26 years and recently signed a slot-sharing agreement with ACT/PACE for their Pacific Coast services.

From the West Coast, Blue Star Line serves New Zealand and several Pacific Islands. ACT/PACE serves Australia, and Columbus Line calls both New Zealand and Australia. Blue Star Line will call San Francisco's North Container Terminal approximately every 11 days. North Terminal is operated by California Stevedore and Ballast Company. ACT/PACE and Columbus Line use South Container Terminal operated by Stevedoring Services of America.

According to Blue Star Line General Manager Ray Tilley, the move to San Francisco means more service for shippers to New Zealand and the South Pacific Islands. There is less terminal congestion which means speedier receiving and delivery of cargo.

"In addition," Tilley said, "the Port of San Francisco has an on-dock Intermodal Container Transfer Facility (ICTF) which links the port and the railroad." He noted that a port-operated ICTF is not available anywhere else in the Bay Area.

Brendan R. McCahill, manager of Pacific Coast Service for ACT/PACE, explained that the Port of San Francisco "fits the bill for ACT/PACE. Facilities are in place and quite satisfactory to handle our intermodal movements. For local movements, the exchange time is very good. No time is lost from congestion in the terminal or in access to the terminal."

Closeup on Blue Star Line

Blue Star Line, a British company with U.S. headquarters in San Francisco, has been in operation for over 75 years. Organized in 1911, the young company opened offices in London and Liverpool and soon had seven ships in its fleet. By the 1930s this number had increased to 39. While some of these were engaged in Blue Star Line's thriving passenger business, a growing number had been introduced to develop shipping with New Zealand and to accommodate the booming meat trade. Blue Star Line became a link bringing New Zealand's traditional food products to "Mother England"—a link that assumed critical importance during World War II. Following the war, Blue Star Line, whose fleet was now reduced to nine ships, joined several other lines to form Crusader Service, and for the first time began calling ports on the Pacific West Coast.

In 1977, Blue Star Line launched its Pacific Coast Container Service with two sister ships, the *M.V. Wellington Star* and the *M.V. Southern Star*, offering direct service between New Zealand and the Pacific Coast. It is today the only shipping line with direct service from the Pacific Coast to both major islands of New Zealand. In 1986 the *M.V. Lairg* joined the trade. In May of this year with the introduction of a fourth ship, the two-year-old *M.V. Sifnos Island*, the line increased its frequency and range to a 14-day express service to New Zealand as well as dedicated breakbulk-container service to American Samoa, Fiji and Tahiti.

The 11,393 gwt general cargo vessel *M.V. Wellington Star* inaugurated Blue Star Line's service to San Francisco with its arrival at North Container Terminal on June 18. Because of the large amount of fresh and frozen food products carried by Blue Star Line, the ship is equipped to accommodate over 200 refrigerated containers out of a total ship capacity of 368 TEUs. Among the cargo discharged in San Francisco were refrigerated containers of frozen beef and chilled lamb. The chilled lamb requires very "sensitive" refrigeration that cannot deviate between one-half of a degree above or below zero C., according to the *Wellington Star*'s Chief Officer Tony Tibbott. The line also brings a lot of New Zealand fruit to the United States. One of the newer varieties is the "nashi", a cross between a pear and an apple. A major commodity exported from the U.S. to Fiji and carried on Blue Star vessels is tallow that is made into Palmolive soap in Suva.

Sistership of the *Wellington Star*, the *M.V. Southland Star*, made its first San Francisco call July 6.

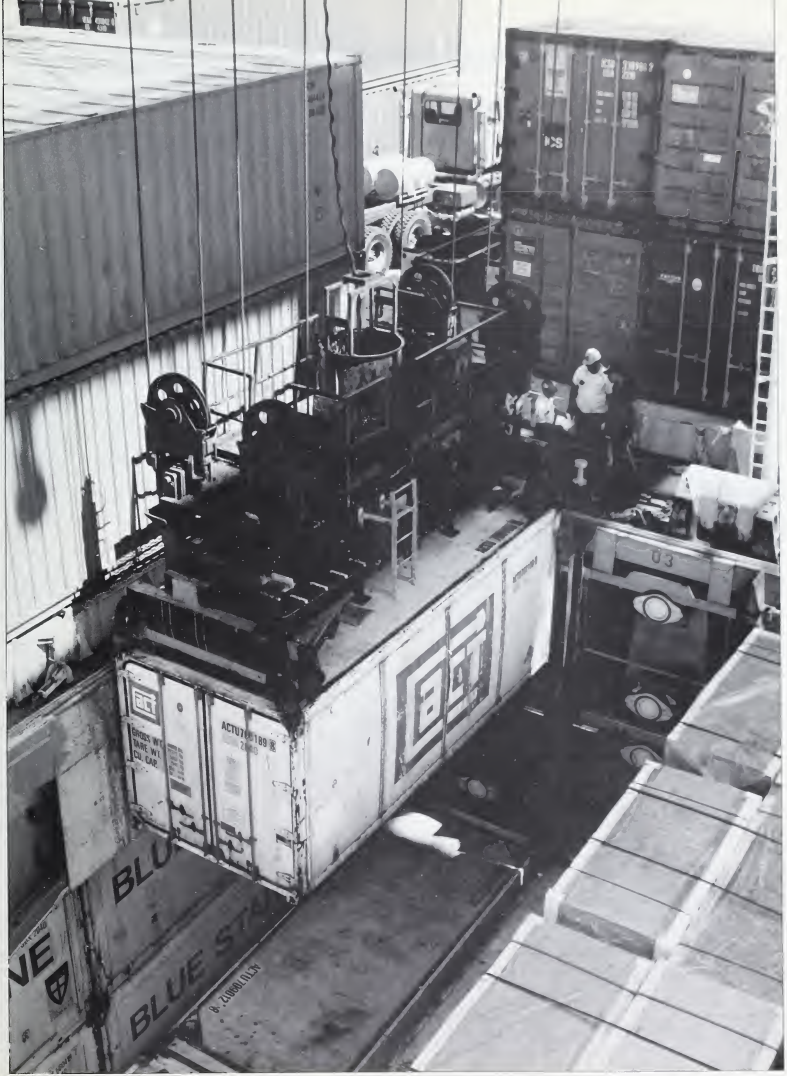
In North America, Blue Star Line makes scheduled calls at Vancouver, B.C., Seattle/Tacoma, Portland and Coos Bay, Oregon, San Francisco and Los Angeles.

In New Zealand, the line calls Auckland, Tauranga, Wellington and Lyttelton. In the South Pacific, the line calls the ports of Honolulu, Hawaii; Pago Pago, American Samoa; Suva, Fiji, and Papeete, Tahiti.

Closeup on ACT

ACT, Associated Container Transportation (Australia) Ltd., is a consortium formed in 1969 by Blue Star Line, Ellerman Lines and Cunard Line, lines that had served the Australasian trade since 1840. This partnership has been largely credited with introducing international container shipping to Australia.

Following formation of the consortium, ACT inaugurated Pacific America Container Express (PACE Line) in an Atlantic Coast service linking Australia/New Zealand with East Coast U.S. and Canadian ports via the Panama Canal. This service was expanded in 1984 to include direct service to and from the U.S. Gulf. In 1985, PACE Line and its main competitor, Columbus Line,

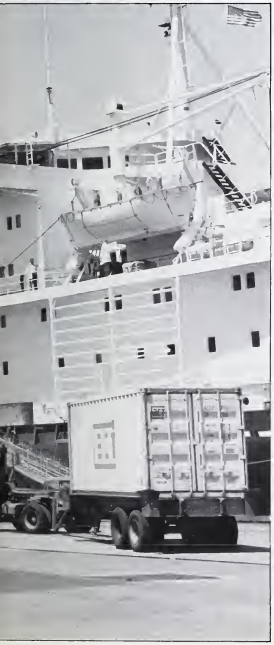


Wellington Star

"A port-operated ICTF is not available anywhere else in the Bay Area."—

Ray Tilley, general manager of Blue Star Line

ACT 12



agreed to a slot-charter arrangement for its Atlantic and Gulf ports services.

Meanwhile on the Pacific Coast, ACT, in partnership with Sweden's Transatlantic, formed the Pacific Australia Direct Line (PAD) service in 1971 between the U.S. West Coast and Australia. After this partnership ended in 1986, ACT established a separate PACE Line Pacific Coast service. In 1988, PACE Line signed a slot-charter agreement with Columbus Line to cover the Pacific Coast service.

In addition to the creation of this new service, over the last 24 months ACT has opened three new offices in the U.S. midwest—Chicago, Cleveland and Detroit.

The Pacific Coast PACE Line operates as a direct all-water service between the Australian ports of Sydney, Melbourne and Brisbane and the United States/Canadian ports of Tacoma; Vancouver, British Columbia; Los Angeles, and now San Francisco. ACT/PACE ships also call Honolulu and serve other islands of the Pacific on their northbound leg.

Currently, ACT/PACE employs five ships in its East Coast Gulf Coast service, and two in the Pacific Coast service. The East/Gulf Coast service also goes to New Zealand. On the West Coast, in addition to the two ACT/PACE ships, space is chartered on four Columbus Line vessels. This allows PACE to offer 8-day frequency.

M.V. ACT 12 was the first of the company's ships to call San Francisco, arriving on May 25. (The 15,128-dwt vessel has called San Francisco many times as the *Columbus California*.) The ship has a 530-TEU container capacity and is equipped to handle up to 300 refrigerated containers. All of the PACE Line ships are designed with refrigerated capacity to carry the temperature controlled primary products from Australia, yet can accommodate a variety of general cargo in both directions. Each vessel is equipped with two 80-ton cranes to meet requirements for specialized cargoes.

The second ACT/PACE ship in the West Coast service is the *M.V. ACT 9* which made its initial call to San Francisco July 1. This four-year-old container ship is equipped with the latest marine technology. Container capacity is 835 TEUs, but the ship can also carry a variety of odd-sized and odd-shaped cargo like lumber and tractors. Recently the ship carried a 65-foot tractor trailer for a racing team.

In addition to its fleet of modern containerships and its network of offices, ACT owns and operates marine terminals, depots and inland transportation systems throughout Australia. Worldwide the ACT organization is composed of over 2500 people.

In the United States, Pacific Coast activity is directed through its headquarters in San Francisco. Kevin J. Harding becomes manager of the Pacific Coast Service in August when Brendan R. McCahill assumes his new post in London. While ACT maintains many of its own offices, it also utilizes shipping line agencies. In San Francisco, ACT/PACE uses Blue Star Line as its general agent.

Kevin J. Harding (left), will replace Brendan R. McCahill (center), as manager of ACT/PACE Pacific Coast Service. Neils L. Petersen (left) is operations manager for Blue Star Line

Dr. Enrique Vargas, President Flota Mercante Grancolombiana on the company's 40th anniversary

"I would like to say that I am proud to be a Colombian. My country is one of the oldest democracies in the Americas. Unfortunately, Colombia is known for the wrong things—drugs and violence. Most people don't know about the *real* Colombia. Colombia is a country with a population of 28 million, the overwhelming majority of whom are hard working and honest people dedicated to the struggle for peace and democracy," said Dr. Enrique Vargas, president of Colombia's largest shipping company, during a recent visit to San Francisco.

An engineer by profession, and a former government official, Vargas took over the top job of Grancolombiana in 1984 from the man who founded the shipping line in 1946, thus he became the company's second president in a little less than 40 years. Vargas did not begin this presidency during the "best of times" for Grancolombiana. Cargo tonnage had declined 15% that year and prospects for the upcoming year were no brighter. Colombia's economy was depressed and restrictions on imports had been imposed by the government. But Colombia and Grancolombiana were not alone in their troubles.

For more than a decade, the shipping industry had been going through a crisis, Vargas explained. The worldwide recession had led to a reduction of trade between *all* nations but particularly affected the developing countries. Secondly, the extraordinary increase in costs after the 1973 oil crisis resulted in a decrease in the number of vessels of the world's merchant fleet and in gross tonnage.

But 1987 saw a dramatic turnaround for Grancolombiana. Last year the company moved by sea 1,838,119 tons of general cargo, a 21 percent increase over 1986. Over 60% of this tonnage was imports. Revenues increased by $31.3 million over 1986, earning the company $8.1 million on revenues of $264 million.

Vargas attributes the increases to "improvements in administrative controls, overall cost reductions, and Grancolombiana's role in the business expansion of Colombia. Last year the Colombian economy grew by 5.5%, one of the highest percentage in Latin America where the regional average was 2.6%."

Vargas was born in Cucuta, a small city in northeastern Colombia near the Venezuelan border. Situated on the lower slopes of the Andes, Cucuta is the capital of an area rich in Colombia's resources—oil, coffee, tobacco, sugar cane and cattle.

Choosing civil engineering as his profession, he studied at the National University of Colombia's School of Engineering Mathematics. He left Colombia to further his studies at the University of Florida where in 1951 he earned a Master of Science degree in Civil Engineering, specializing in Structural Engineering. During the ensuing years, Vargas has led three lives—as a professional engineer, as a government representative and as a member of academia.

As an engineer, he managed his own engineering firm and was Highway Planning Director of the Department (State) of Cauca Valley.

In public life, he was Mayor of his home town of Cucuta, a special envoy to Venezuela, elected to the Colombian Senate where he served as Minister of Public Works and Transportation and elected to the Colombian House of Representatives.

At the National University he was Dean of Engineering, Professor of Engineering, Vice Rector of the University, and a member of the Executive Council.

In addition, Vargas has served as President of the Board of Directors of the Colombian National Railways, National Rural Highway Fund and the Ports Company. An art lover, he has been on the Board of Directors of the Colombian Museum of Modern Art since 1970 and is currently President of the Board.

On the occasion of Grancolombiana's 40th anniversary, Vargas noted the new trends that are changing the character and structure of the shipping industry and called for regional cooperation in order for Grancolombiana to continue to succeed.

With the trends toward homogenized cargo due to increased container usage, establishment of large shipping consortia in the developed nations, and more carrier involvement in the distribution network, joint action on the part of Latin American maritime companies is the only foreseeable bridge to the future, Vargas believes.

"This could involve the establishment of multinational companies or associations that would offer modern technology, maintain the frequencies required by cargo owners and pool technical and operational experience. Joint planning, joint operation and joint investments are imperative.

"With some sadness, I see the traditional shipping company disappearing. In its place, the consolidation of new firms specializing in container transport will dominate the future market. This will represent a certain loss of flexibility for companies like Flota Mercante Grancolombiana that handle a wide range of cargo.

"For us to grow and to overcome our problems it is not only necessary to reach economies of scale through such regional cooperation, but we must also place an emphasis on serving Latin America with U.S. exports. At the same time we increase imports of Latin American products to the United States.

"Throughout its history, Grancolombiana has proven to be a profitable enterprise, even despite a total lack of subsidies. Grancolombiana brings coffee, cocoa, textiles, fresh fruits and vegetables and chemical products into the U.S. through the Port of San Francisco. In return, the South American market receives grain products, dried fruit and nuts, paper products, chemicals and various raw materials. This active trade between California and Colombia has helped to create numerous jobs and bolstered the economy of both the United States and Colombia."

But in addition to the traditional products, Grancolombiana is seeking innovative ways to encourage trade in non-traditional products.

"We are participating in (the exportation of) new products that Colombia and other countries in our region are already developing, including oil and coal exports. . . . We intend to have a creative role in this diversification of our exports. Complementarily, we have established our marketing organization which will seek out clients and markets for the new, non-traditional exports of Colombia.

"Our business with San Francisco has grown tremendously over the past 30 years. Last year alone, tonnage imported from Colombia increased by 11%, while tonnage exported to Colombia grew by 17%. In 1988, for North America, we are expecting an additional 6–8% increase. We are proud of this achievement and look forward to increasing our business with this port in the years to come."

"With some sadness, I see the traditional shipping company disappearing."

Mayor Art Agnos and Dr. Enrique Vargas unfurl the Colombian flag at City Hall. With them are (left to right) Dr. Juan Camillo Restrepo, Federation de Cafe, Dr. Humberto Ariza Rivera, Consul General of Colombia, Carlos De Narvaez and Alberto Davilla, Grancolombiana

Transloading, warehousing and rail connections are keystones to Port's new annex in East Stockton.

Inland Annex to Port Established in Stockton

The Port has created an "inland annex" approximately 75 miles east of San Francisco through an agreement with Stockton Terminal and Eastern Railroad Company (ST&E). The establishment of an inland annex is a new concept that could bring a substantial amount of new cargo to the Port and competitive benefits to the shipping lines that use the Port.

ST&E is both a short line railroad and a large complex of warehouses. The railroad connects the warehouses to three transcontinental railroads making it an active, successful and competitive domestic distribution center.

In May the Port Commission approved a lease with ST&E for an initial 50,000 square feet of warehouse space in its East Stockton facility and approved a management agreement for ST&E to operate this space as an annex to the Port.

This annex makes the Port of San Francisco a three-railroad port. The Port can offer shipping lines new market opportunities and many competitive benefits. To name a few. . . . a carrier's international cargo can be combined with domestic cargo for further distribution. Combinations of trucking, consolidation, transloading, depot, warehousing and rail services can, as a package, be priced to compete with distribution options in Southern California or the Northwest. Through transloading, carriers can retain their empty containers in Northern California.

Until now ST&E has dealt only with domestic customers, handling the national distribution of Northern California companies. As an annex to the Port, ST&E would provide various warehousing and distribution services for international cargo on behalf of the Port and the Port's lines.

ST&E is a privately owned company. The railroad was purchased by the current president of the company, Tom Beard, and his father in 1958. Since then ST&E has been responsible for the construction or leasing of over 3½ million square feet of warehouse space, including cold storage with Customs/USFDA inspection areas. It is the only inland terminal facility of its kind on the West Coast with a long list of customers including Del Monte, Carnation, Tri Valley Growers, McDonalds, Armour Dial, Procter & Gamble, LTV Steel, etc. etc.

Last year the amount of cargo handled by ST&E increased 20% over the preceeding year, according to Beard. "With this new involvement with the Port of San Francisco, we look for an additional 50% increase."

Cruise Interests Unite to Market San Francisco

The San Francisco Cruise Industry Task Force has targeted September 1 as launch date for a campaign designed to bring more cruise lines and more cruise passengers to San Francisco.

A recent study has shown the average economic impact of each cruise passenger on San Francisco is $1,800 and of each cruise ship that calls here, $1,373,020. These figures add up to a hefty annual figure with enormous benefit not only to the City but to the entire San Francisco Bay Area. Direct annual impact on the Bay Area has been figured at 603 jobs, a $11.2 million payroll, and $46.0 million in revenue.

When indirect impact is included, the figures jump to 942 jobs, $17.5 million in income and $76.7 million in revenue. With figures like these at stake, the tourist and service industries representing the entire region have joined with ship suppliers, cruise operators and the Port in a Task Force to promote San Francisco as a port-of-call. Serving on the Task Force are representatives of the following:

Office of the Mayor—San Francisco
San Jose
Oakland
San Francisco Chamber of Commerce
San Francisco International Airport
Convention and Visitors Bureau
—San Francisco
—Oakland
—San Jose
—San Mateo
Travel Agent Associations
Labor Council AFL-CIO
Hotel and Restaurant Associations
Ship Chandlers
Parking Garages
Taxi Companies
Merchant Associations
Cruise Lines

Working through two committees—Market Identification and Incentives—the Task Force will put together a marketing plan over the summer ready for implementation by Labor Day.

The Market Identification Committee is charged with identifying San Francisco's target markets and how best to secure them. This summer it will report on the survey of cruise lines now being conducted under the direction of Bonnie Berg-Smyth, an independent cruise consultant, to determine why San Francisco is or isn't a cruise destination, and whether port/terminal costs are a factor in port selection.

Also under separate study by the committee are several new San Francisco itineraries, the inclusion of San Francisco in repositioning cruises, and the formation of a West Coast Cruise Port Association.

The Incentives Committee has been developing a package of attractive inducements to be offered to passengers. The committee has determined that a good incentives package could mitigate any economic disadvantage caused by San Francisco's added distance from the Mexico and Alaska cruise destinations. Eighty-three percent of all cruises originating, finishing or calling San Francisco are to these destinations. With the largest area of cruise passenger growth, 78% since 1981, in the shorter 6 to 8-day cruise market, time and distances have become important economic factors for cruise operators.

Welcoming the *M.V. Lloyd Sergipe* are (from left) Thoms Coler, C.S.& B.; Bruce White, Kerr Steamship Co.; David Luce, Lloyd Brasileiro; Captain Werner Koehler; Ian Back, C.S. & B., and Terry Hamid, Port of San Francisco.

Lloyd Brasileiro Increases Capacity with Larger Ships

The *M.V. Lloyd Maranhao* and the *M.V. Lloyd Sergipe*, two of three larger-capacity container ships that Lloyd Brasileiro is introducing into its West Coast service, made their initial calls at San Francisco May 20 and June 10 respectively. The third vessel is scheduled to enter the service in July. By this vessel replacement, Lloyd Brasileiro is able to increase the volume of cargo capacity while maintaining its three-vessel operation and 20-day frequency.

The 3-year-old, 14,200-dwt *Lloyd Maranhao* has a container capacity of 1174 TEUs, nearly double the capacity of the "Ita" vessel it replaces. The *Lloyd Sergipe*, a fully containerized vessel built in 1983, has a 1152-TEU capacity. The ships being replaced are the 549-TEU *Itanage*, *Itaite* and *Itaapage*.

Calling at San Francisco North Container Terminal, operated by California Stevedore and Ballast Company, the ships discharged containers of coffee and cocoa beans as well as general cargo. Kerr Steamship Co. is West Coast agent for the Brazilian-flag carrier.

Pouring the first glass of Caribé beer is Henk Pouderoyen, vice president, Nedlloyd (fourth from left). Joining him are officers of the *Nedlloyd Van Noort* and representatives of California Stevedore & Ballast Co., distributors of the beer and the Port of San Francisco.

Nedlloyd Brings New Beer Import to West Coast

Longshoremen at San Francisco's North Container Terminal didn't miss a beat as they unloaded 45 containers of Caribé Imported Caribbean Beer to the music of a steel band.

The occasion, which included beer tasting, celebrated three "firsts"—the first call in San Francisco of the 1600-TEU *M.V. Nedlloyd Van Noort*, the first major shipment of Trinidad's Caribé beer to the West Coast, and the first all-water shipment of Abidjan coffee. Abidjan is the capital of Cote d' Ivoire (Ivory Coast), West Africa, and is known for its rich, full-bodied coffee.

Ronald Rubinoff, vice president of sales and marketing for Houston-based Domaine Cellars, Inc., importers of the Caribbean beer, expects Caribé, nicknamed the "Get Away" beer, to compete with all imports, but with Corona Mexican Beer in particular.

"This may be the largest single shipment of beer ever" Rubinoff said, "on the West Coast, or anyplace." Each of the 45 containers held 896 cases.

Nedlloyd will bring the Caribbean beer to San Francisco on a regular basis via the company's West Africa Caribbean service.

The *Nedlloyd Van Noort* also discharged 38 containers of Abidjan coffee for Folgers. While this is not the first Abidjan coffee the Dutch shipping line has brought from the Ivory Coast for Folgers, it is the first all water shipment, according to Henk Pouderoyen, vice president.

Nedlloyd's West Africa service calls on a monthly frequency at North Container Terminal operated by California Stevedore and Ballast Company.

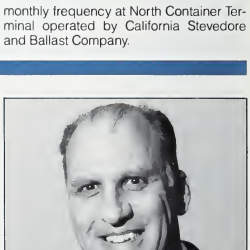
Mitchell Becomes Chief Wharfinger

Charles V. Mitchell, a former operations manager for United States Lines, has joined the Port of San Francisco as Chief Wharfinger. He brings to the Port 28 years of experience in ships and shipping.

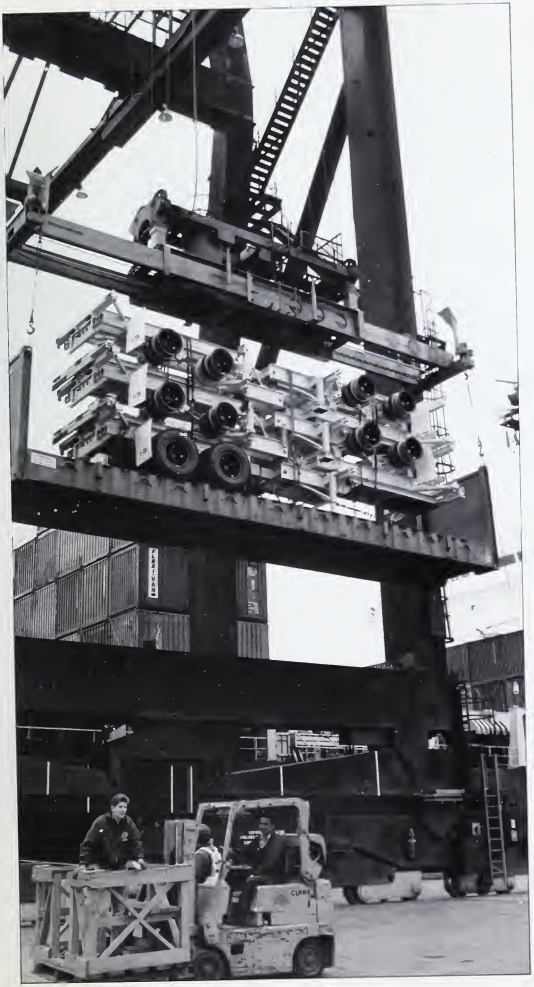
During his eight years at United States Lines, Mitchell held positions of increasing responsibility in the management of terminal and yard operations, in equipment control and maintenance and in cargo receiving and distribution.

A native San Franciscan, Mitchell graduated from San Jose State College with a Bachelor of Science in Chemistry before joining the U.S. Navy in 1960. A career officer, he headed several administration and operations units. As a ship's engineer officer, he was involved with ship maintenance, repair and shipyard overhauls.

As Chief Wharfinger, Mitchell will handle all problems that arise at cargo and passenger terminals, ship repair facilities or other maritime facilities. He will supervise the operation of the fishing industry at Fisherman's Wharf, collect wharfage and dockage, and handle safety issues. In addition to these traditional wharfinger responsibilities, he also will administer terminal agreements and oversee terminal operations issues.



Charles Mitchell



A flatrack of chassis trailers is hoisted aboard Mexican Line's *M.V. M. Providence*

First of Multiple Chassis Shipments Head for Hong Kong

The first shipment in a large consignment of X-Ten chassis trailers was loaded aboard the Mexican Line ship *M.V. M. Providence* at North Container Terminal bound for Hong Kong. Altogether the X-Ten Corporation plans to ship over 300 chassis to Hong Kong within the next 12 months.

The ten chassis making up this first shipment were stacked on flatracks, five chassis on each. According to X-Ten, this first shipment is for Fat Kee Stevedores, the largest stevedoring company in Hong Kong.

The chassis are the extendible type developed by X-Ten to accommodate any size container currently in use. A unique patented feature allows the chassis to be quickly adjusted to carry containers from 20' to 48'. X-Ten is headquartered in San Francisco and is one of the leading suppliers of heavy intermodal transportation equipment.

Mexican Line offers express service between the Far East, U.S. West Coast and Mexico. California Stevedore and Ballast Company is the terminal operator for Mexican Line at North Terminal.

Anchor Steam's women held their early lead beating out the other boats by a sea serpent's nose

Vallejo/Anchor Steam/ Matson Row Away with Top Honors

Vallejo Rowing Club took first place in the men's division of this year's Port Promenade Whaleboat Race. In a field of nine teams and requiring two preliminary heats, Vallejo edged out American President Lines and Anchor Steam teams in the final "row-off" with a time of 5:31 (minutes) over the one-kilometer course.

It was left to Matson's crack coed team to bring home a first place trophy for the company. By carefully maneuvering their boat around the turning buoy, the Matson coeds were able to beat out seven other boats in its division. Second place went to Sea-Land Service followed by the U.S. Coast Guard team in third.

In the women's division, Anchor Steam Rowing Club finished "a-head" of the other five boats winning in 6:25. JAMMZ Rowing Club "B Team" was second followed by BHP-Utah International, third.

Spectators arrived early this year to watch the preliminary heats or to stake out good viewing and picnic spots and to listen to the popular "Axis" band playing jazz and contemporary music.

This year 23 teams participated, the highest number in the Race's five year history.

Special thanks to the sponsors that make this event possible: California Cooler, California Stevedore & Ballast Co., Crofton Paper Co., Crowley Maritime/Red & White Fleet, Dolphin Rowing Club, Evergreen Marine Corp., Flota Mercante Grancolombiana, Friends of the Port, Golden Brands Wholesale Beer Distributors, Karl Limbach, Marine Chartering, Marine Terminals, Don Maskell, Capt. Charles Monahan—Beautiful TK, Fred Noonan, Overseas Shipping, Pier 1 Delicatessen, Pier 39, Royal Viking Line, San Francisco Bar Pilots, San Francisco Fire Department, San Francisco Redevelopment Agency, Sea-Land Service, Sheedy Drayage, Sitmar Cruises, South Beach Harbor, Stevedoring Services of America, Transportation Maritima Mexicana, Union Fish Co., Valley Intermodal and Zim Container Service.

Port of San Francisco's Corner on Trade

Bay Area Market Share of Liner Cargo in Foreign Trade

COSCO's *M.V. Jian He*

COSCO Begins Weekly Service

The arrival of the *M.V. Jian He* at the Port of San Francisco April 29 marked the beginning of the China Ocean Shipping Company's fixed-day weekly service between the West Coast and the Far East. The addition of a seventh ship has permitted COSCO to increase frequency from every 10 days to every week.

Along with the increased frequency, COSCO is also increasing capacity by replacing all vessels in the service, including the smaller ro/ro vessels in use since the service began in 1981, with fully cellular container ships purchased from Maersk Line. The first of these new-to-COSCO ships to enter service was the *M.V. Tao He* as reported in the January/February *Wharfside*. On April 13, the *M.V. Yi He* made its initial San Francisco call, followed by the *M.V. Jian He* on April 29; the *M.V. Hui He* on May 27 and the *M.V. Shin He* on June 10. All of these former Maersk ships are around 25,000 dwt with a container capacity of 1218 TEUs.

The two other containerships in the service are the 1322-TEU *M.V. Chao He* and the 724-TEU *M.V. Song Cheng*, built by COSCO in 1985 and 1987 respectively. The *Song Cheng* entered the service here May 20.

COSCO currently calls the west coast ports of San Francisco, Long Beach, Seattle and Vancouver, B.C. In San Francisco the line uses South Container Terminal operated by Stevedoring Services of America. Norton Lilly International, Inc. is the line's agent on the West Coast. The line serves ports in China and the Far East through Hong Kong and Kobe.

Balclutha under tow

Balclutha Moves to Hyde Street Pier

The historic square-rigged sailing ship *Balclutha*—a San Francisco waterfront landmark at Fisherman's Wharf for more than 30 years—has moved from its long-time Pier 43 berth to new quarters at Hyde Street Pier.

Tugs from Crowley Maritime Corporation towed the *Balclutha* for the short six-block journey along the Northern Waterfront to Aquatic Park at the foot of Hyde Street, where it will be the centerpiece for the National Maritime Museum's fleet of historic vessels.

The 102-year-old Balclutha was built in Scotland as a global trader. A veteran of numerous trips around Cape Horn, including its maiden voyage to San Francisco in 1887, the steel-hulled, three-masted sailing vessel worked the waters of the Pacific from California to Alaska to Australia into the 1930s.

In 1933, it was sold to Southern California interests and spent the next 19 years as an exhibition ship and movie backdrop until it was laid up on Sausalito mud flats in 1952.

The ship was acquired in 1954 by the San Francisco Maritime Museum, now the National Maritime Museum. Legislation has been approved by Congress to establish the Museum and its fleet of historic ships as the San Francisco Maritime National Historical Park and separate from the Golden Gate National Recreation Area.

Other notable vessels in the Museum's collection include the ferry boat Eureka, in its day the world's largest passenger ferry; and the C.A. Thayer, a three-masted schooner built in 1895 and the last commercial sailing vessel to operate from a West Coast U.S. port. The Museum's collection, seven, is the nation's largest gathering of historic ships open for public inspection.

■ **The Highlander**, 151-foot luxury power yacht, belonging to publisher Malcomb Forbes, was berthed at Pier 30-32 for 10 days in June. On board the yacht were two tenders, a dingy, a helicopter, and a crew of 14. Returning to the United States after a cruise in the Far East, *The Highlander* called San Francisco to take on fuel and to be used for a little business entertaining by Forbes, Jr. This is the first time the yacht has ever berthed in the Bay Area.

■ Forty-five warehousing and distribution professionals toured Port of San Francisco facilities May 23 as part of the four-day annual conference of the **Warehousing Education and Research Council** meeting this year in San Francisco. This year's conference was titled "Quantum Leaps Through Technology & Communications" and included a program of speakers and tours to provide warehousing professionals with the latest in industry information.

The Highlander at Pier 32

■ **Chicago Mayor Eugene Sawyer** and members of his staff received a presentation and tour of developments at the Port during their visit to San Francisco May 26. Interest in the Port's plans and experience in this area relates to the future development of Chicago's Navy Pier.

■ **The battleship USS New Jersey** together with the **USS Bunker Hill**, a guided-missile cruiser, visited San Francisco over the Memorial Day weekend. Moored at Pier 30-32, the vessels were open to the public during the three-day holiday week-end.

■ **Thomas Washington**, a research vessel of Scripps Institute, La Jolla, California, was docked at the south berth of Pier 32 from June 21-23 for general maintenance. The vessel was headed for a project in the Pacific according to a Kerr Steamship Company representative.

■ **Zhou Huanim**, president of the China International Trade Association, visiting San Francisco from the People's Republic of China, was given a boat tour of the Bay and of Port facilities June 14. Joining Mr. Zhou were the Consul General of the PRC, members of the Port Commission and leaders of the Chinese business community.

PRC visitor Zhou Huanim with Anne W. Halsted, president of Port Commission and James Ho, deputy mayor for Business and Economic Development.

Upcoming

Week-ends through August 14

Pier 17 is transformed into "Old San Francisco", a re-creation of the City when it was a 49'er gold town. Presented by Living History Center, the non-profit educational organization which also presents the Dickens Christmas Fair and the Renaissance Pleasure Faire, 300 performers—gold miners, pony express riders, Mark Twain, ladies of ill repute, music hall singers and dancers, shady gamblers, Lola Montez, shanghaied sailors and Emperor Norton—will be part of the continuous entertainment. Open Saturdays and Sundays from 11 a.m. to 7 p.m.

August 9–11

The tall ship *Californian*, will be berthed at Pier 45. Owned and operated by Nautical Heritage Society, the ship is on a promotional cruise of California ports.

Sept. 10–14

Tule Mour, a newly built medical sailing ship enroute to the Marshall Islands, will be in San Francisco to promote its mission. The ship will be docked at Pier 45.

At the Fleet Week kick-off reception are (from left to right) George Petty, vice president of Marketing and Sales for AT & T and chairman of the Fleet Week committee; Mayor Art Agnos, and Rear Admiral Robert Toney, Naval Base, San Francisco.

Sept. 11–15

American Association of Port Authorities 77th Convention hosted by Port of San Francisco will be held in the Fairmont Hotel.

Oct. 12–20

Plans for Fleet Week '88 have been announced by San Francisco Mayor Art Agnos. This year's celebration will have a regional approach and involve the cities of Alameda, Richmond, Oakland and Redwood City in addition to San Francisco. Plans announced so far include an essay and poster contest for Bay Area students, a relay torch run, a rock concert and a program of ethnic dances. A performance by the Blue Angels precision flight team will once again be a highlight.

■ Intermodal Manager **Roger Peters** represented the Port at the International Intermodal Expo '88 held for the fifth year in Atlanta April 19–21. For the second year in a row, the Port of San Francisco was a maritime sponsor at the event. The exposition consists of a combination of presentations, panel discussions, demonstrations and exhibits designed to inform transportation professionals about the latest intermodal trends and technology.

■ **John Neudecker**, manager of Trade Development, represented the Port at the annual Western States Cotton Convention in San Diego April 6–8. Cotton is now the second largest export moving through the Port of San Francisco. Last year San Francisco lines experienced a 115% growth of cotton exports to Japan and a 282% growth to Southeast Asia.

The first week in June, Neudecker attended the 1988 WWS/Ports & Terminals Conference in New York. Under the general theme "America's Ports in Transition", major U.S., Canadian and international ports shared ideas on strategic planning, intermodal services and cargo development. While in New York, Neudecker toured facilities of the New York and New Jersey Port Authority and the Port of New York, and called on customers and potential customers of the Port.

■ Sales Manager **Terry Hamid** attended the 4-day Pacific Coast Coffee Association's Convention in Monterey from May 30 to June 2. Jorge Cardenas, general manager of the National Federation of Coffee Growers of Colombia, spoke to the group on the coffee industry in Colombia and its support of the International Coffee Agreement. Per capita consumption of coffee has been steadily decreasing in the U.S.—the single most important coffee market. According to Cardenas, plans are now underway to launch a promotional program to increase the U.S. coffee consumption. Coffee is the number one import of the Port of San Francisco with 71,669 metric tons in 1986. Twenty-three percent of this was Colombian coffee.

■ **Peter Dailey**, market research specialist, organized and managed the Port of San Francisco exhibit at Export Pacific 88, a conference on two-way trade and investment opportunities in the Pacific Rim, held in April at the San Francisco Hyatt Regency Hotel. During the three-day conference hundreds of people visited the Port booth and were given information on services and facilities, brochures and the popular "Where the Far East Begins" poster.

■ Maritime's **Blue Tortolero** led Port staffers **Grace Burgos, Yo Esquerra, Pat Jackson, Irene Nishimura** and **Pearl Chan** in a bit of Hawaiian dancing during the all-employee Lunchtime Luau, May 16. The prospect of winning a prize for the most colorful shirt and muumuu brought out the bright side of everyone.

Peter Dailey greets visitors to the Port booth at Export Pacific 88.

Lunchtime Luau

■ **Officer Gerald "Gerry" Jones** and **James Shields** received commendations from the Port Commission for their long and valued service. Both men are retiring. Jones has over 26 years of combined State/City service, 22 of which were as a Harbor Policeman for the Port. Shields has been with Port for 22 years, beginning in the custodial department. He became Custodial Assistant Supervisor in 1977 and later joined the property department as General Service Officer.

■ Former Executive Director **Eugene L. Gartland** was presented the Order of Maritime Merit at the rank of Grand Commander by the Port Commission. Gartland was also president of the Port Commission before becoming executive director, a position he held for five years, resigning in December 1987. The Order of Maritime Merit is awarded for distinguished service and contribution to the maritime industry.

■ Maritime Affairs Director **Ronald Stone** was kick-off speaker at the Summer Workshop for the Cruise Ship Industry, June 24. The workshop was held on the Princess Louise at the Port of Los Angeles and sponsored by the California Marine Affairs and Navigation Conference (C-MAC). Using slides, Stone explained San Francisco's position in the cruise market and how regional interests have joined together in a Task Force to sell San Francisco to cruise lines and cruise passengers. He invited ports all along the West Coast to participate in the joint effort to bring more cruises and cruise lines to the West Coast.

Commission President Anne W. Halsted commends Officer Gerald Jones James Shields

Eugene L. Gartland (right) accepts Order of Maritime Merit from Commissioners Arthur H. Coleman and Anne W. Halsted

In Memoriam

Cyril Magnin
1899–1988

President of the Port Commission from 1955 to 1974

He led the Port during the critical years when the administration of the Port was transferred from the State of California to the City and County of San Francisco and when the shipping industry was undergoing tremendous change.

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Wharfside is published bi-monthly by the Port of San Francisco

Editor: Nancy F. Pitt
Design: Williams & Ziller Design
Photographs:
Charles Fox
Air News Photos
Nationall Maritime Museum (*Balclutha*)

P55
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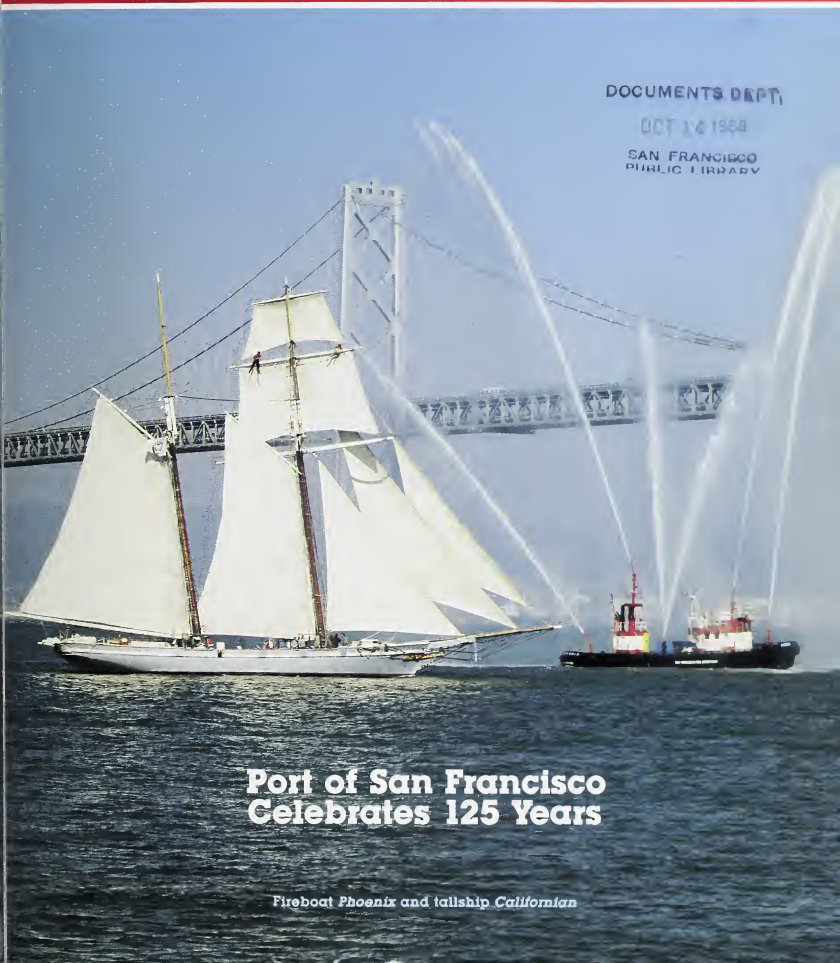


Port of San Francisco Celebrates 125 Years

Fireboat *Phoenix* and tallship *Californian*

Port of San Francisco—125 Years Old

A parade of historic ships filed past the reviewing stand on the deck of the Ferry Building the afternoon of September 8, discharging artillery salutes in honor of the 125th anniversary of the Port of San Francisco. Overhead a plane trailed a "Happy 125th Anniversary" banner. It was hard to ignore the fact that the Port of San Francisco, the oldest port on the West Coast, is 125 years old.

At the head of the parade proudly spouting plumes of water was the Port's own fireboat *Phoenix*. A dozen boats followed, led by the *Californian*, official tallship of California and is a four-year-old full scale replica of the Revenue Cutter *C.W. Lawrence*. The *Lawrence*, built in 1848, was the first Coast Guard vessel assigned to the West Coast. Her first job was to assist with customs collection at the Port of San Francisco.

Next in the parade was the Scow Schooner *Alma*, built in 1891 and now one of the historic vessels maintained by the National Maritime Museum at Hyde Street Pier.

The parade was organized by Pier 39 as part of a 4-day celebration of Pier 39's 10th anniversary.

Interspersed with the historic ships, and in sharp contrast, were several high-tech power boats that would be competing later.

On the deck of the Ferry Building, Port Commissioners and staff were joined by tenants, customers, and special guests invited to share in the celebration. As the *Californian* passed, ship and shoreside artillery exchanged salutes.

The Port traces its official beginning to 1863, but its roots go back much further. The first ship to enter San Francisco Bay was the Spanish supply ship *San Carlos* in 1775. But it wasn't until 1837 that the first Harbor Master was appointed. In 1836 Daniel Webster declared in Congress that "San Francisco Bay is twenty times more valuable to our country than the territory of Texas," and President Jackson offered Mexico $3,500,000 for the San Francisco Bay area during Texas boundary negotiations. Yet San Francisco remained a sleepy outpost. An occasional visit by a New Bedford or Nantucket whaler, or a stray barque or brig, calling to pick up hides, tallow and horns made up the total shipping of the port. During the year from April 1, 1847 to April 1, 1848, one barque, one brig and nine whalers dropped anchor in San Fran-

800 ships anchored in San Francisco Harbor (1851)

The northern waterfront (1863)

The southern waterfront (1908)

cisco Bay. But all that changed with the discovery of gold.

During 1849 alone, 598 American and 58 foreign vessels dropped anchor in San Francisco Bay and discharged 91 405 passengers. Word went out to the world that here was a wonderful landlocked harbor surrounded by hills fed by several navigable streams, safe for vessels of any draught and large enough to accommodate the ocean-going fleets of the entire world!

Construction had begun on Long Wharf, the first major pier built in San Francisco, which eventually extended 2000 feet into the Bay. Other piers followed but not fast enough to satisfy the demand.

With berthing space at a premium, a syndicate of entrepreneurial wharf builders sought to cash in by constructing new wharfs and collecting hefty fees. To protect the waterfront from private control, Governor Leland Stanford signed legislation creating the Board of State Harbor Commis-

Before the bridges were built, ferries made 170 trans-Bay crossings a day

San Francisco Bay during World War II

sioners for San Francisco to "better serve maritime commerce"—and the first port in California was established.

Control of the Port remained under the State until it was transferred to the City and County of San Francisco in 1969.

The Harbor Board was charged with "construction and upkeep of the wharves, piers, and seawalls, dredging of the harbor, and collection of all rents, tolls, wharfage and dockage fees in the Port of San Francisco." Work on the massive seawall that underlies today's Embarcadero and stabilized the City's waterfront line, was a top priority. By 1880, over two and a half miles of seawall were completed from Fisherman's Wharf to China Basin Channel. Behind it was created more than 800 acres of prime metropolitan land, including what is now San Francisco's most valuable property in its downtown financial and commercial districts.

In 1898, the Ferry Building rose at the foot of Market Street to become one of San Francisco's most famous landmarks. It, like the rest of the waterfront, escaped virtually unscathed the 1906 earthquake and fire which destroyed almost all of the downtown and much of outlying San Francisco.

By 1908 the Port had 23 piers along its newly established waterfront. Water commerce continued to flourish and San Francisco grew rapidly into the international trading center of the West Coast.

This was interrupted during World War II, when San Francisco became the principal point of departure for the Pacific offensive. Following the war, the Port faced another crisis—containerization. This new mode of shipping required new configurations of ships and terminals, special cranes and acres of storage space. Shipping had an entirely new profile. It was back to "square one" for the Port. Today the Port of San Francisco through new and modernized facilities and innovative ideas to better serve its customers, has regained its share of international trade and is competing aggressively in the international marketplace.

Through the years the waterfront has been San Francisco's principal link to the Bay Area, the nation, and the world—it was the City's "front door". Through it passed the treasure-seekers in search of gold and silver; the Chinese, European, and American immigrants in search of a new life; the cargos that establish San Francisco as a major port and trading center; and the men and materials destined to war. San Francisco's port has been largely responsible for the City's image as a cosmopolitan center with significant national and international bonds.

Cotton Comes to Pier 15/17

Parker Warehouse, Inc., the largest and oldest cotton warehouse operator in the area, is moving the bulk of its business to San Francisco. The Port Commission on August 10 approved a five-year lease plus a five-year option with Parker for the use of Pier 15/17 to store, load and transload export cotton. The new facility gives Parker the added space it needs to handle the increase in cotton shipments through the Bay Area—260,000 square feet compared to the 160,000 square feet at the former facility in Oakland—and it gives San Francisco the West Coast's only on-dock cotton warehouse. The San Francisco-Parker warehouse is expected to be in operation by October 1, in time to handle this season's crop.

Lawrence J. Parker, Jr., president of Parker Warehouse, expects his company will initially ship between 4,000 and 6,000 TEUs of cotton a year from San Francisco. This will bring over $300,000 annually in revenue to the Port from rent and wharfage, according to Ronald L. Stone, director of Maritime Affairs for the Port.

Cotton is one of Northern California's most important export commodities, both in volume and value. It is the second largest export moving through the Port of San Francisco, and steadily growing. High quality San Joaquin Valley cotton is consistently in demand among Asian and European buyers. In addition, substantial West Texas and Oklahoma cotton is shipped to West Coast ports by boxcar to be transloaded into containers at cotton warehouses for export.

Currently Evergreen Line, National Shipping Company of the Philippines, Zim Container Service, Mexican Line and United Yugoslav Line carry a substantial amount of export cotton through the Port of San Francisco. A local source of cotton increases the competitiveness of these lines by lowering trucking costs from warehouses on the other side of the Bay. Traditionally, shipping lines pay for stuffing of containers at a warehouse and trucking the filled containers to the dock.

The relocation of the Parker Warehouse to San Francisco with the expansion of its facilities not only increases the total cotton warehousing space in the Bay Region, but gives cotton shippers the flexibility of being able to draw from inventories on either side of the Bay. Exporters will be better equipped to expand their activities and increase the Bay Area's share of the cotton export market to the benefit of both the Ports of San Francisco and Oakland.

Piers 15/17 was used by Star Terminal as a newsprint terminal, receiving and distributing rolls of newsprint on a daily basis, until that company ceased operations. (Newsprint continues to be handled on Piers 48 and 27/29.) The same features required of a newsprint facility make Piers 15/17 an ideal cotton facility—fully sprinkled throughout, truck and rail loading docks, easy truck access to the Bay Bridge and to peninsula-bound freeways 101 and 280, and available on-dock rail service.

The location of the warehouse adds another feature not shared by any other cotton warehouse—cotton can be loaded directly onto the ships if necessary

U.S. Customs Service on its 200th Anniversary

In a special ceremony August 17, U.S. Commissioner of Customs William von Raab officially dedicated the San Francisco Customhouse as an historic Bicentennial Customhouse launching a yearlong series of observances in the western states. The celebrations will continue nationwide culminating on July 31, 1989, the day Customs reaches its 200th anniversary. Deputy Mayor for Business and Economic Development James Ho and Port Commissioner Arthur H. Coleman presented proclamations from the City and Port respectively. Quintin L. Villanueva, Jr., regional commissioner of Customs Pacific Region, Los Angeles, and Paul R. Andrews, district director, U.S. Customs Service, San Francisco, hosted the event.

Speaking before an audience of nearly 200 Federal, state, local and political dignitaries, Commissioner von Raab reviewed the long history and colorful origins of the Customs presence in San Francisco. The first collector of customs, Captain James Folsom serving with the U.S. Army occupying the city, was appointed to the port of San Francisco in 1846 ensuring an immediate supply of funds for the Army in the war with Mexico, according to von Raab. "Ultimately, through customs duties, San Francisco would help pay for its own independence.

"When James Collier, the first civilian collector of customs, arrived here in San Francisco in 1849, he found a city of 30,000 people with a port whose commercial activity already was equal to that of Philadelphia. On his first day on the job, over 300 vessels sat in the harbor awaiting clearance.

"Doing Customs business in the middle of the gold rush proved to be a logistical nightmare. To begin with, the adobe building then serving as the customhouse was so old and leaky that the customs papers had to be stored in a barrel, lest they get soaked during a rain storm. The doors were off the hinges. There was no vault for safe keeping of the revenues. There were no wharves for ships to pull up to. And there were no warehouses for holding imports. Goods had to remain stored on board vessels with customs officers standing guard, for weeks waiting for the cargo to clear."

A high point of the celebration was the dramatic display of the historic Customs flag which actually flew over Customs' temporary quarters at this site for three days and nights during and after the 1906 earthquake and fire.

Customs has occupied the same site on Battery Street since the mid-1850's. An earlier customhouse was demolished shortly before the 1906 earthquake to make way for the present structure, completed in 1911. With its distinctive sculpted facing of gray California granite, bronze exterior doors, detailed interior surfaces of white Italian and black Belgian marble, the Customhouse has been from the outset a landmark of downtown San Francisco.

Founded in 1789 by George Washington and the First Congress of the United States, the Customs Service is the oldest Federal agency. Customs duties provided the nation with its first source of revenue, and remained the principal source of income for the United States for nearly 125 years—until the passage of the Federal Income Tax Act in 1913. Revenues collected by Customs financed the opening of the West; the purchase of the Louisiana and Oregon Territories, Florida and Alaska; the construction of the National Road from Cumberland, Maryland to Wheeling, West Virginia; the Lewis and Clark Expedition, and the Transcontinental Railroad. Customs collections built the service academies at Annapolis and West Point, and the nation's capital city at Washington, D.C. And customs money retired the national debt in 1835!

The traditional Customs mission has remained consistent throughout the nation's history: to assess and collect duties on imported merchandise, to prevent fraud and smuggling and to supervise carriers, persons and articles entering and departing the United States. Most recently, of course, attention has turned to the Customs Service's leading role in the war against the influx of foreign narcotics and dangerous drugs into the country.

U.S. Customs Inspectors Mike Freitas and Tom O'Brien cut birthday cake from the Port of San Francisco.

Port Commissioner Arthur H. Coleman presents proclamation to U.S. Commissioner of Customs William von Raab and Paul Andrews, district director, U.S. Customs Service.

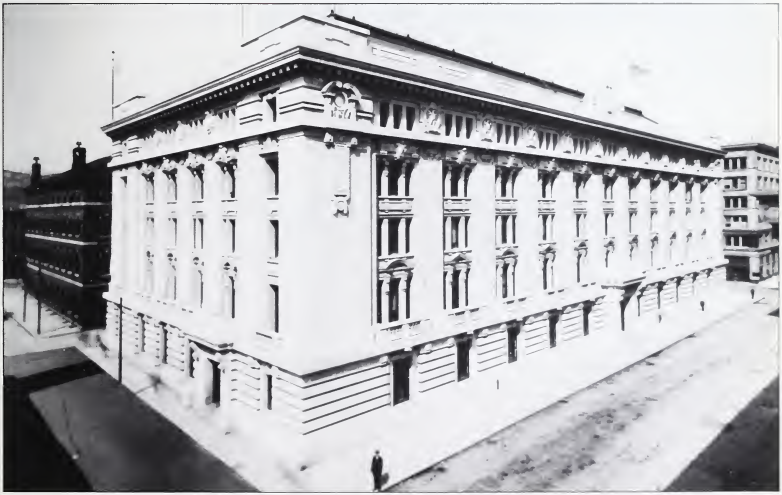
Over the last few years new technology has influenced the way Customs accomplishes its mission. The introduction of ACS (Automated Commercial System) triggered a number of dramatic changes. Through an alphabet of subsystems—ACCEPT, SELECT, ABI, AMS—and through other service links to ACS, the dream of a paperless Customs may eventually come true.

In an effort to provide better service in the face of a widening ratio between the number of inspectors to amount of cargo, Customs introduced the Centralized Examination Station (CES) system. Four CES stations were authorized in the Bay Area to provide service to importers while utilizing fewer inspectors. One CES station was awarded to the Port and is located on San Francisco's North Terminal.

RACERS, a project involving Customs, U.S. Maritime Administration and the Golden Gate Ports Association, is now under study. The study will determine if regional port groups should provide electronic ties with Customs, on a community basis, to shipping companies, exporters and brokers, as opposed to the individual set-ups that some larger shipping companies and brokers now have. It is an effort on the part of ports to help bring about a truly paperless environment.

To this day the Customs Service operates at a profit. In 1929, it collected half a billion dollars in duties. In fiscal year 1987, with about the same size staff and in spite of significantly lower rates, Customs duty collections amounted to nearly $15 billion. Thank you, Customs, and happy 200th birthday.

Workmen lay the foundation for the present Customhouse in 1907.



San Francisco Customhouse in 1912 and as it still looks today.

Upcoming

Sept. 30–Oct. 2

Festa Italiana, a three-day festival with food, displays and entertainment, will be held for the sixth year at Pier 45. The annual event is organized by the Fisherman's Wharf Port Tenant Association with the Port one of the co-sponsors.

Oct. 15–20

Seven Navy vessels led by the carrier *USS Ranger* and a performance by the Blue Angels precision flight team will kick off Fleet Week '88 on Saturday, October 15. The ships will be berthed at Piers 30/32, 28 and 45, and will be open for public inspection throughout the week.

Oct. 15–19

Due to delays in the U.S. Coast Guard inspection and certification of the 156-foot tallship *Tole Mour*, the newly built medical sailing vessel will not begin her maiden voyage itinerary until October. The ships' arrival in San Francisco now coincides with Fleet Week. The ship is scheduled to dock at Pier 43½ at noon October 15, the same time the Parade of Navy Ships begins. The *Tole Mour* will be open to the public on Sunday, October 16, from 10 am to 6 pm.

Oct. 16

As part of Fleet Week, Friends of the Port is sponsoring the five-mile Fleet Week Challenge Run. The race starts at Crissy Field, Presidio San Francisco, at 8:00 am and follows a scenic waterfront course past the Marina Green, Fort Mason, Aquatic Park, Fisherman's Wharf and then down the Embarcadero to Pier 32 (just south of the Bay Bridge).

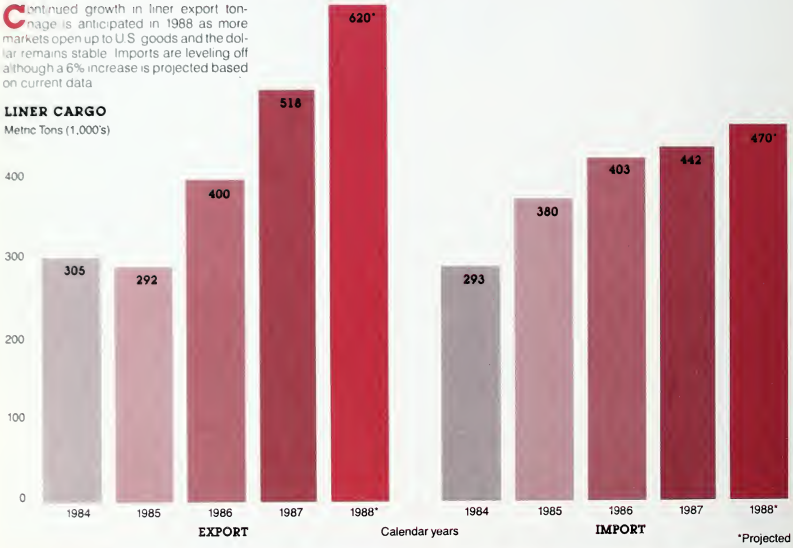
Plaques will be awarded to the top three men and women; and medals to the top three men and women in each of seven age categories. Teams of five or more will compete in the men's or women's division of the Team Challenge. Walkers are also welcome with medals awarded to the first place man and woman finisher. All finishers will receive a "Fleet Week Challenge" long-sleeved t-shirt and a chance in the random drawing for a "Fantasy Weekend" at the Sheraton at Fisherman's Wharf.

Following the race, runners are invited aboard the several Navy ships that will be berthed at Pier 32 for Fleet Week. A free shuttle will operate between Crissy Field and Pier 32 both before and after the race.

Registration fee is $8.00 on or before October 10. Race day registration is $10.00. Entry forms can be obtained at the Port offices in the Ferry Building, or by calling (415) 387-2178.

Port of San Francisco's Corner on Trade

Continued growth in liner export tonnage is anticipated in 1988 as more markets open up to U.S. goods and the dollar remains stable. Imports are leveling off although a 6% increase is projected based on current data.



NBC Olympics Broadcast Equipment Sails From San Francisco

In early August amid tight security, NBC Sports, the network that had bought the rights to broadcast the 1988 Olympic Games, loaded the bulk of its equipment aboard a roll-on/roll-off vessel at the Port of San Francisco for a 13-day trip to Korea.

One by one the forty pieces of "rolling equipment"—trailers, trucks, mobile production units—assembled from all over the United States and valued at over $60 million, were driven into Wallenius Lines' massive car/truck carrier, *M.V. Faust*, and securely lashed to one of several of the ship's 13 decks.

"These big mobile units can't be lifted," explained Kenneth Aagaard, vice president of NBC Sports Operations for the Olympics, "so we had to have a ship with ro/ro capabilities that fit our schedule." San Francisco's Pier 70 operated for Wallenius by Fred F. Noonan Company offers a convenient and secure staging area and this sailing provided NBC with the fastest and most direct delivery to Korea, according to Aagaard.

Pasha Maritime Services, Inc., Oakland, handled the actual loading. "This part of the operation took about four hours, with most of the time spent in lashing the vehicles," said James Fagin, Northern California superintendent for Pasha.

Prior to loading the NBC equipment a shipment of new Mercedes-Benz automobiles were discharged together with two racing yachts, one belonging to a Danish company and the other belonging to the Crown Prince of Norway. Both took part in San Francisco's world-class sailing regattas in September.

This is the final voyage of the *Faust* under Swedish flag. It will reflag under U.S. colors following some conversion work to meet the stricter U.S. standards. The vessel will replace its Swedish registry with U.S.-flag status because it is "commercially logical", said Christer Olsson, executive vice president, Wallenius Lines.

A pioneer in transoceanic vehicle shipment, Wallenius Lines was the developer of the roll-on/roll-off system and introduced the first oceangoing ro/ro vessel equipped with stern-loading doors and ramps. The Swedish-owned steamship line has been calling San Francisco since 1956 and today carries regular shipments of European luxury automobiles as well as heavyweight farm and construction equipment.

Mobile units are secured inside the vessel.

Maiden Call for the First Nedlloyd B-Ship

The 22,500 dwt *M.S. Nedlloyd Bangkok* was welcomed to San Francisco August 29 on its initial call here. It is the first of the four 10-year-old Nedlloyd "B" sister-ships to call San Francisco. The ships will increase available capacity in Nedlloyd's great circle service from the North American West Coast to Australia, Africa and South and Central America, and back to the West Coast.

Classed as general cargo vessels the ships carry 676 TEU as compared with the 322 TEU carried on the "K" ships they replace. "While the B ships have fewer holds—4 compared to 6—they are larger and allow more loading flexibility," said Henry de Wit, San Francisco manager of operations for Nedlloyd. The 17,000+ dwt *Nedlloyd Kyeta*, *Nedlloyd Kembla*, *Nedlloyd Kingston* and *Nedlloyd Katwijk* are being transferred to a new service between South America and the East and Gulf Coasts with a bridge service to the West Coast.

Other "B" ships soon to begin calling San Francisco are the *Nedlloyd Baltimore*, *Nedlloyd Barcelona* and *Nedlloyd Bahrain*.

(From left) Peter Dailey, Port of San Francisco; Hal McCarthy, California Stevedore & Ballast Co.; Captain Hans Hoebeek, Nedlloyd Lines; James Eshen, California Stevedore & Ballast Co.; Captain P. ter Hark, *Nedlloyd Bangkok*; Captain H. de Wit, Nedlloyd Lines, and Ian Back, California Stevedore & Ballast Co.

M.S. Nedlloyd Bangkok

Port Names Three to New Development/Planning Positions

Three new positions, created by the Port of San Francisco to handle long range planning, short term implementation and commercial development of its valuable waterfront lands, were recently filled. Until now the planning and development functions of the Port have been handled by an outside consultant.

■ **Robert A. Nuell** is the new Port Property Development Manager and will be in charge of the development of commercial properties at the Port. He comes to San Francisco from Denver where he was most recently Director of Portfolio Development for BetaWest Properties, Inc., negotiating acquisition and mixed-use development properties. BetaWest is a division of U.S. West. Before that he was with Urban Investment and Development Co., also in Denver, as Development Manager and Director of Marketing. In this capacity, Nuell managed, marketed and developed Montbello, a 3,000-acre business park and Denver's largest mixed-use commercial property. He also gained experience in hotel projects, retail, office and industrial properties.

Nuell is a graduate of the University of Pennsylvania Wharton School of Finance with a bachelor of science degree in Economics, and holds a masters degree in foreign commerce from the American Graduate School of International Management, Phoenix.

He began his career as a realtor in St. Louis and soon had his own firm handling real estate development and site acquisitions in Illinois, Florida and Missouri. Later he gained experience in national real estate location work with the Taubman Company.

■ **Richard J. Wiederhorn**, who has 18 years of experience in urban planning, primarily in the public sector, has been appointed Port Planning Manager. In this capacity he will be in charge of defining the long range plans for port development in all of the Port's marketing areas. He comes to San Francisco from Minnesota where he was with the City of St. Paul Department of Planning and Economic Development for 14 years, and senior planner and director of its Riverfront Development Office for the last five years. St. Paul is a major port on the Mississippi River and has 28 miles of river shoreline. Wiederhorn was responsible for all long range planning and property development along the river which included the port, airport, parks, and sites for housing, offices and industrial uses.

Wiederhorn was also a planner with the City of Minneapolis and with several private firms including EDAW and Jonathan Development Co. where he participated in the development of a "free-standing new town".

A native of Boston, Wiederhorn received a bachelors degree in geography from the University of Minnesota and a masters degree in City Planning from Ohio State University. Returning to the University of Minnesota, he was one of seven people in a fellowship program at the Humphry Institute of Public Affairs organized to study community issues of planning for the Twin Cities and to develop characteristics of future planning.

■ Working with the regulatory agencies and handling the short term and long range details of planning and development projects is **Irene Nishimura** filling the position of assistant planner. Nishimura was with the San Francisco City Planning Department for the past year. Prior to that she was in community planning and development for the City of Tracy and in city planning for Oakland. She received her undergraduate degree from the University of California, Berkeley, in political science and a master's degree in urban planning from the University of Washington, Seattle.

Kristen Bouskos watches her husband, James Bouskos, be sworn-in as Port Commissioner by Mayor Art Agnos.

Bouskos Sworn in as Port Commissioner Aboard Sitmar *FairSky*

Businessman James Bouskos, vice president of Continental Markets, a chain of supermarkets in the Central Valley, became the newest Port Commissioner when he was sworn in on July 26 by Mayor Art Agnos. He replaces William Chang whose term expired. The ceremony took place aboard the Sitmar cruiseship *FairSky* docked at the Pier 35 Passenger Terminal.

Bouskos, a newcomer to city government, served as a member of the State Little Hoover Commission under former Governor Jerry Brown. While in that post, he contributed to studies that prompted extensive reform in the nursing home industry and revised California's cash and real estate management systems.

Bouskos, 40, is founder of Continental Development Company, a residential and shopping center development firm that he headed until 1983. He also founded JEB International Inc., an international trading company that he managed from 1973 to 1979. JEB exports food products, primarily to Asia.

In accepting the appointment Bouskos said that he sees the Port's challenge to be in balancing its desire to compete in the container industry with the competing needs to give attention to the ship repair, fishing and tourism industries. He will serve on the Port Commission until May 1, 1992.

"I would hope to help bring balance to those decision," he said, "while moving aggressively for greater services to port tenants and taking advantage of development and marketing opportunities."

Sitmar hosted the on-board ceremony and reception attended by city officials and members of the new commissioner's family. Later that day, the *FairSky*, with Bouskos' mother aboard, departed on a 12-day round trip cruise to Alaska.

M V Ljubljana

United Yugoslav Line Introduces One of Its Own

Splosna Plovba Piran, United Yugoslav Line, recently introduced its new ship, the *M V Ljubljana*, into service here. This is the first of several new ships built and flagged in Yugoslavia for the shipping line. At least two of the chartered vessels in the company's four-ship service between the West Coast, Spain, Italy, Greece and Yugoslavia will be replaced by the line's new Yugoslavian-built ships. The *Ljubljana* replaces the *Anagel Spirit*. The *Anagel Fidelity* is scheduled to be replaced by a second new ship, possibly by the end of the year, according to Captain Peter Ivancic, owner's representative.

The line is making other changes—a new West Coast agency and two new ports-of-call. In Spain the line now calls the port of Valencia in addition to Barcelona, and will soon add Manfalconi to its traditional Italian ports-of-call, Genoa, Livorno, Naples and Trieste. UYL also calls Koper, Yugoslavia and Piraeus, Greece.

In July UYL appointed Matson Agencies as its West Coast agent. Ron Popham is line manager.

UYL calls approximately every three weeks at South Container Terminal operated by Stevedoring Services of America. Principal cargo loaded is cotton, walnuts and dried fruit. Olives and tile from Spain are the major products discharged. UYL has been calling San Francisco since 1961.

Blue Star Line Ships Set Speed Record at North Container Terminal

One of the new Hyundai/Paceco cranes at North Container Terminal performed a record 47 moves per hour during the first call of Blue Star Line's *M.V. Mandowi* in early August. This performance record was duplicated two weeks later by a second Blue Star ship, the *M.V. Southland Star*.

It was the combination of the new crane and the proper stowage of the containers aboard the ship that produced these results, according to Fergus Moran, vice president of California Stevedore and Ballast Company, operators of North Terminal. The crane was one of the two 40-long-ton, 100-foot gauge container cranes designed by Paceco and fabricated by Hyundai Heavy Industries for the Port of San Francisco. They became operational earlier this summer. Each has a clear lift height of 95 feet and an outreach of 130 feet, enabling it to handle ships with containers stacked five high on deck.

The *M.V. Mandowi* increases to five the number of ships in Blue Star Line's West Coast/New Zealand service. The containership carries 750 TEUs, over 300 of which can be reefers. The Line now has three container ships and two "con-bulkers" in this service. The three containerships provide direct service to New Zealand on a 14-day frequency. Suva, Fiji, will be added to this itinerary later this year.

A 50/50 space chartering agreement between Blue Star Line and the PAD (Pacific Australia Direct) consortium went into effect September 15 and involves only the two Blue Star con-bulkers *(Lairg* and *Sifnos)*. This breakbulk service continues to operate on a monthly basis but now offers direct service from here to Papeete, Tahiti, with a southbound call in addition to the usual northbound call. This service also calls Pago Pago, American Samoa, and Suva.

Aboard the *Mandowi* to celebrate the first San Francisco call were (from left) Rodney Gandy, California Stevedore and Ballast Co.; Terry Hamid, Port of San Francisco; Peter French, Blue Star Line, Vancouver; David Whene, Blue Star Line, San Francisco; Captain David Craddock, and Chief Mate J. R. Inniss

California's Own Tallship Visits San Francisco

The *Californian*, the official tallship of California, sailed into San Francisco Bay in early August under 7000 feet of sail on her fifth annual goodwill voyage since she was launched in 1984. A full scale replica of the Revenue Cutter *Lawrence*, the *Californian* is used primarily as a sail training vessel for the youths of California. In the cadet program, young sailors are taught the ancient art of sailing tallships while at the same time are given invaluable experience in self-reliance and teamwork. In addition to the cadet program the Nautical Heritage Society, who owns and operates the *Californian*, also has programs aimed for adults.

Partially funded by the California Department of Tourism, the *Californian* is additionally being used to promote state tourism. This year the *Californian* is engaged in sailing the full length of the California coast from Eureka to Chula Vista and calling at more than 23 ports. By the end of her 1988 voyage, she will have logged over 70,000 miles since 1984 and will begin preparations for her 1989 blue water passage to Honolulu.

San Francisco Hosts 77th Annual AAPA Convention

Over 900 delegates and guests attended the 1988 annual convention of The American Association of Port Authorities September 11–15 at the Fairmont Hotel in San Francisco. AAPA Chairman Carmen Lunetta, director of the Port of Miami, described this year's convention as "an ambitious business program featuring presentations on the major issues currently facing the port and maritime industry today". Among those issues were: the management of dredged material, problems of overweight containers, trends in international trade policy, opportunities for commercial development, regional port cooperation, continuing evolution of intermodalism and diversification of the waterfront.

Speaker of the California Assembly Willie L. Brown, Chairman of the Federal Maritime Commission Elaine L. Chao and Matson Navigation Company President Michael S. Wasacz addressed the convention during the luncheon programs. This was Ms. Chao's first major speech as FMC Chairman.

James Herman, president of the ILWU and vice president of the San Francisco Port Commission, was featured speaker for a keynote panel focusing on current labor/management issues at the opening session of the business program.

In addition to being host port of the 1988 convention, the Port of San Francisco co-hosted the opening reception recreating the sights and tastes of San Francisco in the Grand Ballroom of the Fairmont.

The Port wishes to thank those organizations who through their support and sponsorship contributed greatly to the success of this convention.

Port People

■ Maritime Affairs Director **Ronald L. Stone** represented the Port at the celebration marking the 20th Anniversary of Evergreen Marine Corporation held in Taipei, Taiwan on September 1. Stone delivered an official document to Evergreen Chairman YF Chang from San Francisco Mayor Art Agnos proclaiming September 1 "Evergreen Day" in San Francisco. In Taiwan, it was a "green letter day" for all Evergreen employees and agents who came from all over the world to participate in the celebration. Following the opening speech by Chairman Chang and award presentations to senior employees, the day was filled with music, songs, skits and dancing—all performed by employees of the Evergreen group of companies. In the 20 years since its founding, Evergreen has grown to be the largest container shipping line in the world. Evergreen began its service to San Francisco in 1979 and has become a major user of the Port.

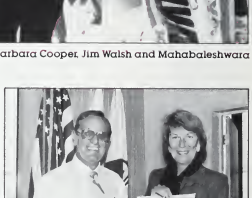
■ **John Neudecker** represented the Port at the Western Cotton Conference in Fresno, September 8–9. Presented by the Western Cotton Shippers Association, this year's conference focused on the state of the 1988 cotton program as well as giving a preview look at the 1990 farm bill as it relates to cotton. Currently cotton is one of the Port's most important export commodities. With the addition of the Parker cotton warehouse on Pier 15/17, the Port's market share of this commodity is expected to increase.

■ **Port People** and their families gathered in Berkeley's Tilden Park this year for the annual Port picnic. The day was sunny and warm . . . the drinks were icy cold . . . the food was hot off the grill . . . and the volley ball was feverish. Port people pronounced this particular picnic unparalleled, surpassing previous port picnics. It happens only once a year. Pity.

■ Three members of the Business Services Department were honored by the Port Commission for their "outstanding performance, diligence and dedication to duty that reflects so well on the Port." The commendation was read and presented to **Bill Fite, Robert Brown** and **Mauricio Rodriguez** by the Commission at its August 10 meeting. The Business Services Department handles purchases, supplies, mail and shipping, and repairs to equipment including the Port vehicles. They record all commission meetings, move furniture and set up the lectern for special events. They gladly do all that is asked of them—which is quite a lot. The commendation reads ". . . by their initiative and willingness to serve, (they) contribute to the overall efficiency and morale of the entire Port, and . . . through their combined efforts help to maximize the efficiency of the Port in its daily operations." Bill, Robert and Mauricio are recognized and applauded for a job well done.

(From left) Engineering Department's Pat Jackson, Barbara Cooper, Jim Walsh and Mahabaleshwara Bhat.

Mauricio Rodriguez, Robert Brown and Bill Fite.



Port Commission President Anne Halsted presents commendation to Charles Bevan.

■ **Charles Bevan**, a long-time employee of the Port, was commended for exemplary service and duty by the Port Commission at its July 22 meeting. Bevan, who is in charge of meter collections, was instrumental in the apprehension and arrest of the person involved in the thefts from Port parking meters. Between $150 and $175 a week was being stolen from the meters. Tracking the pattern of the thefts, Bevans conducted a series of voluntary stake-outs during nights and week-ends that resulted in the identification and capture of the thief. The Port has 1100 meters on its property from Pier 46 to Hyde Street.

Frank G. White used its auxiliary fire fighting equipment ceremonially to acknowledge delivery of the two new cranes.

Frank G. White Retires

After nearly 40 years of service to the Port, the tugboat *Frank G. White* is retiring to the easy life on the Sacramento River. The tug had been used primarily to help maintain the Port's naturally deep water. After the scows had been filled with the silt dredged from around the piers, the *Frank G. White* would haul the scows to the dumping area. Midpoint in its career, the tug was outfitted with fire fighting equipment and used as an auxiliary fireboat. Two years ago the Port-owned dredge and scows used in tandem with the *Frank G. White* were sold and since then the tug has been used on a limited basis. The age and condition of the boat made it no longer cost effective to perform the tasks needed by the Port's maintenance department. The *Frank G. White* was purchased by the Sacramento Tug Boat Company.

Frank G. White, the man, for whom *Frank G. White*, the boat, was named, was Chief Engineer at the Port during the 20s when the majority of the piers were constructed. Chief Engineer White retired in 1938 after more than 20 years of service.

(From left) Robert McGinn, Trade Reps; John Neudecker and Ronald Stone, Port of San Francisco, and Charles "Bob" Mitchell, Trade Reps, at Chicago area reception introducing the Port's new midwest trade representatives.

Port Names New Midwest Representative

Trade Reps Ltd., a Chicago-based company with a west coast office in the Bay Area, has been appointed to represent the Port of San Francisco in the midwest market.

"The Midwest is not only one of the world's most important markets but is also a leading producing region. At its heart is Chicago, considered the country's major domestic transportation hub," said Ronald L. Stone, director of Maritime Affairs for the Port, in making the announcement. "It is important for the Port to have aggressive representation there by experienced professionals who know the midwest market."

Robert G. McGinn, president of Trade Reps, and Charles R. "Bob" Mitchell, executive vice president, have a combined experience of 62 years in the shipping and transportation industry, over half of which is in the midwest area. Their background has been with shipping lines, including some that call San Francisco, agencies and exporting/importing companies. In addition, Mitchell was trade specialist for the Maritime Administration, U.S. Department of Transportation.

As the Port of San Francisco's sales and marketing representatives, Trade Reps will promote the Port's services and capabilities to current and prospective customers in the midwest area.

"We look forward to representing the Port of San Francisco," McGinn said. "Companies here need to be kept up-to-date on what competitive advantages San Francisco has to offer."

"The start-up of the Port's new inland annex at East Stockton and the continuing effect on rail service of the acquisition of Southern Pacific by Denver Rio Grande Western are two of the items about which we'll be advising midwest customers," said Mitchell.

The association was officially launched at a reception in Chicago attended by over 200 members of the local shipping and trade community. Stone and John Neudecker, manager of Trade Development for the Port, hosted the event. While in Chicago, Stone and Neudecker accompanied McGinn and Mitchell on calls to Port customers and transportation companies. And since the Giants were in town, they entertained about 15 Chicago customers at a Giants/Cubs game in Wrigley Field . . . (Giants 12, Cubs 2).

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Wharfside is published bi-monthly by the Port of San Francisco

Editor: Nancy F. Pitt
Design: Williams & Ziller Design
Photographs:
Air News Photos
U.S. Customs Service
National Maritime Museum

P55
#45
OCT/NOV
1988

THE PORT OF SAN FRANCISCO

Wharfside

October/November 1988

San Francisco's Fishing Industry— A Plan for the 90's

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Fisherman's Wharf Seafood Center A Plan for the '90s

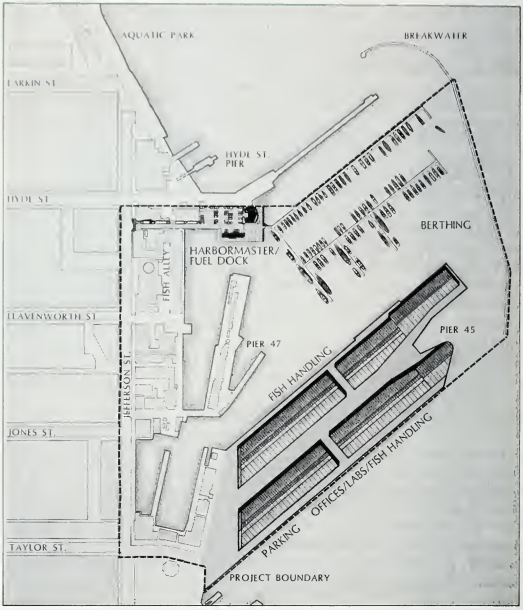
History: Fisherman's Wharf—San Francisco's northern waterfront between Hyde and Taylor streets—is the home of an active, colorful fleet of commercial fishing boats which work the waters of San Francisco Bay and the Northern California coast. Their catch of salmon, crab, herring and a wide variety of other species is delivered fresh to one of 17 fish companies located at the Wharf.

The 1988–89 crab season opened November 8. More than 125 boats make up the Bay Area crab fleet. While the crab caught so far looks good, it's still too early to tell how this season will stack up to the excellent 1987–88 season when 3.1 million pounds of Dungeness crab were brought in.

The demand for crab and other high quality seafood continues to grow rapidly. The diversity of the fish harvested increases. But the facilities at Fisherman's Wharf have not kept up. This will all change in the next couple of years, however, when the $22.8 million plan for the new Fisherman's Wharf Seafood Center moves ahead as expected.

Why are there such high hopes for this plan? Because for the first time the Port, City, fishing industry, business community and resident groups are behind it. Instead of sparring as they've done in the past, they joined together and produced a plan that not only meets the operating needs of the fishing industry, but maintains the unique character and flavor of Fisherman's Wharf. When completed, the Fisherman's Wharf Seafood Center will be one of the largest, most modern, and most visible commercial fishing harbors in the United States.

Actually, the first phase of the plan, a 1,200-foot breakwater, was completed in 1986. This breakwater created a 30-acre protected commercial harbor in which the new facilities will be built.



Hyde Street Pier—New Berthing and Support Facilities

New berthing and support facilities for commercial fishermen and boats will be constructed at the foot of Hyde Street. An all new 0.8-acre fixed pier will be built. Extending northward from this pier, floats will be anchored for berthing vessels ranging in length from 25 feet to 60 feet. There will be 88 assigned berths with side-floats and additional areas for larger and visiting vessels. Each berth will have lockers, shore power and water. There will also be waste pump-out facilities and a security system.

A two-story Harbormaster's Building will be built near the end of the new Hyde Street pier to house all harbor administrative activities as well as showers, lavatories and a laundromat for fishermen.

A Harbor Services Building on the pier will contain a marine diesel fuel station, convenience store, and shop and storage facilities for the harbor.

Other facilities on the pier include a vessel work area and hoist for loading and offloading gear next to the Harbor Services Building and short term parking spaces. The public will have access to the pier.

Pier 45—Fish Handling Facilities

Pier 45, on the eastern boundary of the harbor, will contain new fish handling facilities. This 11.3-acre pier has four buildings of approximately 70,000 square feet each, two are presently used by fish handling companies.

Under the plan, the buildings on the west side and the northeast building will be renovated and restructured to provide approximately 155,000 square feet of leaseable space for individual fish handling and processing companies and for the Center's ice supplier. Two-thirds of this space will have direct access to water frontage for vessel off-loading and icing. The remaining fish handling space will share a common off-loading berth. All spaces will have direct access to truck loading docks along the central pier corridor.

The northeast building will also contain office space for fish brokers, agencies and others supporting or directly engaged in the commercial fishing industry, gear storage and fishermen's storage lockers.

The southeast building will be reserved as parking for fishermen and Pier 45 employees and customers.

Another feature, now in the planning stage, is a Fisheries Institute which will contain an array of industry support, research, monitoring and public education components. Also under consideration are a seafood sanitation inspection laboratory, conference center, computer center, gear development laboratory, test kitchen, seafood cooking school and cafeteria, exhibition hall, and government monitoring and advisory services center. Approximately 30,000 square feet of the pier space has been reserved for these activities.

The public will be able to visit the pier and observe the working wharf. Some fish handling tenants at the Seafood Center will provide windows and other viewing opportunities into their plants. Informational dis-

plays are planned to inform visitors about the fisheries resources of the area, conservation measures, and related topics. A retail fish market will be encouraged to operate in the truck loading area on weekends and other times of little industry activity.

Fish Alley

The plan calls for maintaining the charm of Fisherman's Wharf by retaining the existing berthing and the familiar buildings and activities of Fish Alley along the southern boundary of the harbor. The 110 existing berths in the inner harbor section will continue to be used by charter fishing boats and the historical commercial fleet. Fish Alley buildings vacated by companies that move to the new spaces on Pier 45 can be used for gear storage and repair activities by fishermen.

The Fisherman's Wharf Seafood Center will lead the commercial fishing industry into the twenty-first century. It promises to provide an affordable, secure base for the San Francisco fishing fleet and supply the highest quality seafood to the local, regional and world markets.

Financing for the plan is expected to be met by a joint venture between the Port, the industry and the developers, with the help of loans by the California Department of Boating & Waterways and the Coastal Conservancy. Construction is expected to begin March 1990 and be completed by summer 1991.

Contributing to the Seafood Center Plan are Carol Brown, fisheries consultant; Williams-Kuebelbeck & Associates, economic consultants; Moffat & Nichol, engineers; Kwan Henmi, architects, and AGS, geotechnical engineers. The Port's project director is Phil Kern.

James Ho
Deputy Mayor for Business and Economic Development City and County of San Francisco

If government were like baseball and named a "rookie of the year", James Ho would most certainly get that honor in San Francisco.

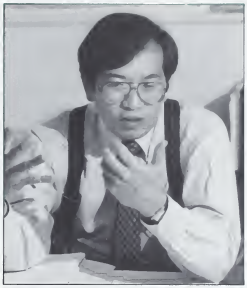
Since last April when Ho accepted his first government position as head of the restructured Mayor's Office of Business and Economic Development (MOBED), he has become a major force in shaping a new image for the City. The areas covered by his office are critically important to the future growth and economic health of the City. So despite his quiet, unassuming, even slightly self-deprecating manner, Ho has been catapulted into the limelight by a barrage of media exposure.

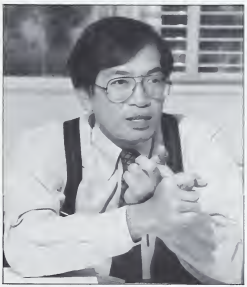
Until this year, the Office of Business and Economic Development was a part of the Office of Housing. The current administration not only elevated it to an independent agency, but added to its responsibilities the oversight of the Port, Airport, Convention and Visitors Bureau and the Film Council. To head this new agency, the mayor and the leaders of the business community easily concurred on who that should be. James Ho agreed to take a leave of absence from his job as vice president of strategy and marketing for Bank of America's world banking group, a position he had held for the last three of the ten years he had been with B. of A.

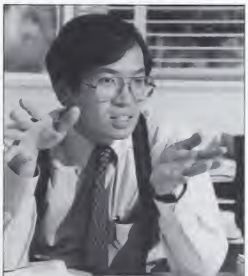
This was a new relationship for the Port as well. Ever since the Port moved from under State to under City control by way of the Burton Act in 1969, it had dealt directly with the Mayor.

As the Mayor's man-at-the-Port, Ho has been quickly learning about its day-to-day operations and long term commitments. He has made several trips to the Far East to get to know and to better understand the needs of some of the Port's biggest customers. Far East countries are the Port's major trading partners accounting for 63% of the total trade last year. Ho is a natural bridge between the two cultures, having lived the first half of his life in the Far East and the second half in the United States.

Ho was raised in Taiwan and Hong Kong, and speaks both Cantonese and Mandarin. He attended the prestigious Diocesan Boys School in Hong Kong before coming to the United States in 1968 with a scholarship to study at Wabash College in Indiana. He studied economics and political science at Wabash, and later attended the University of Chicago Graduate School of Business.







Ho has lived in San Francisco for 14 years and has always been active in the community. Currently, he is on the boards of several civic organizations including the Chinese Chamber of Commerce, the Chinese Hospital, University of San Francisco's Center for the Pacific Rim and the Chinatown Neighborhood Development Group. In addition, he is himself a part of the business community. Ho has a catering company and a small travel agency, and he is co-owner of three San Francisco restaurants—Celadon, Canton Tea House and Cloisonne. (His restaurant involvements come naturally. His parents operated one of the most successful restaurants in Taiwan.)

Consistent with his style of operating at a fast pace, Ho talks about the Port at such a rapid clip that it's hard to keep up with him. The basic theme is the Port's pivotal role in marketing the city and the region as a trade center. While he sees San Francisco as a marketing focus for the region, he sees the Port, Airport and Visitors and Convention Bureau cooperating to market the City.

"We have to abandon our tunnel vision and see the totality of a thing," Ho explained in an interview. "For example, the Port and Airport can market their proximity and cooperation for the benefit of cruise passengers arriving by plane, and for the transport of certain cargoes. The Convention and Visitors Bureau can promote festivals and activities to attract the visitor and maybe the cruise passenger to San Francisco. In the end, we must determine how can we compete successfully, how best to facilitate commerce and what is the best allocation of our resources.

"One resource that needs to be invigorated is the blue collar side of business. Consideration should be given to developing high value-added activities, such as food services, high fashion, biotechnology, which pay very well.

"Right now, the Port needs to develop a strategic plan outlining what the Port should do and how it should be developed over the next 10 to 20 years. (Funds for a strategic plan have been requested.) The plan should be dynamic, up-to-date, succinct, and most of all, 'do-able' and have the support of the public, business, labor, the commercial sector."

Three current Port projects to which Ho has given his strong support are the cruise passenger study program, redevelopment of the Fisherman's Wharf and, more recently, the expansion of the Port's intermodal capabilities following the purchase of Southern Pacific by Denver Rio Grande.

James Ho has a lot of territory to cover as the Mayor's link to the various enterprises that make up the business community. Nowhere is this link better represented than in his office at 100 Larkin. One wall is filled with graphs and charts of the agencies he oversees and the organization with which he must interface. Across the room a wall of windows frames a dramatic view of City Hall. Between the two is James Ho country.

Douglas Wong Appointed to Commission Following Retirement of James Rudden

Publisher and restaurateur Douglas F. Wong was sworn in as Port Commissioner by Mayor Art Agnos November 3 filling the vacancy left by the retirement of James J. Rudden.

Wong, 34, is founder of Rice Magazine, a nationally distributed Asian American Pacific Rim monthly. He co-owns two San Francisco restaurants: Cloisonne and China Moon Cafe.

Active in the Chinese community, Wong is vice president of the supervisory board of the Chinese Chamber of Commerce and a board member of the Chinatown Resource Center.

A native San Franciscan, Wong earned a B.S. degree from the University of San Francisco in 1976.

Commissioner Douglas F. Wong

In appointing Wong to the Commission, the Mayor said Wong brings business acumen and knowledge of the Pacific Rim to the Commission. "Wong's expertise will give San Francisco a leg up in competing for Asian trade," Agnos said.

James J. Rudden culminated 27 years of service to the Port of San Francisco with his retirement from the Port Commission at the end of September. Rudden was originally appointed to the Commission by Edmund G. "Pat" Brown in January 1961 while the Port was still under State jurisdiction. He was reappointed twice by Brown; and after the Port came under City and County control, he was reappointed twice by Mayor Alioto, once by Mayor Moscone and twice by Mayor Feinstein. During his first fifteen years, Rudden served with the late Cyril Magnin and fought for such projects as the U.S. Steel Building, Ferry Port Plaza, Fisherman's Wharf improvements, regulated rents, maritime advancements and foreign trade.

Rudden was president of the Commission from 1973 to 1981. He came to the presidency at a time when the Port was under severe criticism and was faced with an extreme financial crisis. Under his administration, a new staff was gathered and the credibility of the Port reestablished not only among the citizens of San Francisco, but within the shipping community.

Rudden is Chairman of the Board of the Ray Oil Burner Company, an international concern, and of Ray Oel Gasbrenner, Stuttgart, West Germany, and has corporate interests in Pennsylvania and the Far East.

At a small gathering of family and Port officials in the City Hall office of Mayor Art Agnos, the Mayor presented Rudden with a Signum Laudis certificate, the highest award given by the City, for his "distinguished public service to the Port and to the City and County of San Francisco". Mrs. Rudden is on the left.

Aircraft carrier *USS Ranger*

Fog Failed to Foil Start of Fleet Week '88

Like grey ghosts the Navy ships slipped through the wall of fog at the golden gate and cruised into the sunshine that filled the Bay. The traditional Parade of Ships again opened San Francisco's annual Fleet Week celebration honoring the birthday of the United States Navy—this year, the 213th. The Fleet Week Battle Group was led by the Port of San Francisco's own Fireboat *Phoenix* and tailed by the historic *SS Jeremiah O'Brien*, the last surviving unaltered Liberty ship from World War II, permanently berthed at Fort Mason. In between were frigates, destroyers, an aircraft carrier and a Coast Guard cutter.

Crowds of people along the waterfront, on the hills and in buildings overlooking San Francisco Bay had gathered to see the show. And it went like clockwork. The ships arrived, antique aircraft performed a series of flybys, parachute jumpers hit their mark at Aquatic Park.

Then seemingly out of nowhere an unusual plane appeared over the Bay. It slowly went up, and down, forward then backwards. It stood still and turned completely around on its axis. For many, this was the first time they had seen a demonstration of the Marine Corps' AV8B Harrier Light Attack Ground Support Aircraft.

But the fog still ringing the Bay delayed the performance of the U.S. Navy Flight Demonstration Squadron, better known as the Blue Angels. After a two hour wait, the fog lifted and the Blues were on. The performance was worth waiting for. Flying F/A-18 Hornets, the Blues performed their trademark breath-taking maneuvers and precision formation flying.

During the five days of Fleet Week the Navy and Coast Guard ships docked at the Port of San Francisco were open to the public—and San Francisco was open to the thousands of visiting sailors.

Blue Angels swoop over Bay in tight formation

Sculptures on the Waterfront—Modern and Traditional

A stylized bronze sculpture of Mahatma Gandhi was unveiled on October 2 in the center of Ferry Plaza behind the Ferry Building. Presented to the City of San Francisco by the Indian community, this statue represents Gandhi's philosophy of "peace through non-violent means of resolving conflict," said Yogesh K. Gandhi, great grand nephew of Mahatma Gandhi and founder of Gandhi Memorial International, during a colorful ceremony on Ferry Plaza.

Speakers at the event included H K S Rana, India's Consul General, and Willie Brown, speaker of the California Assembly. Their speeches were interspersed with traditional music, prayer and dance. Also in attendance were several recipients of the Mahatma Gandhi Humanitarian Award including Shirley Temple Black and Werner Erhard.

Bronze sculpture of Mahatma Gandhi in Ferry Plaza

■■■

"Offshore Residence", a sculpture created by local artist Tim Collins is temporarily "at home" off the Port of San Francisco Promenade on the Embarcadero. Placed 30 feet offshore on pilings of turn-of-the-century piers, since removed, the mirror-finished, stainless steel "house" appears to float on the water (at high tide) reflecting the City, sky, bridge and the viewer.

This installation will be on display until March 15, 1989, when it will be transferred to a permanent location, according to Ann Hatch, director of the Capp Street Project, a non-profit art organization that funded the sculpture.

"Offshore Residence" from the Promenade

Fleet Feet

Dave Ottaway of Albany and Sharon Swann from Menlo Park were the top male and female finishers in this year's Fleet Week Challenge Run, October 16. They covered the five-mile course in 25:14 and 29:37 respectively. Sponsored for the fifth consecutive year by Friends of the Port, the race attracted nearly 1500 civilian and military runners. The scenic course followed the waterfront from Presidio's Crissy Field, past the Marina Green, Fort Mason, Aquatic Park, Fisherman's Wharf, down the Embarcadero to Pier 32, just south of the Bay Bridge.

Other top finishers were: David Monroe and Michael Healer tied for 2nd Men's; Ronald Harris, 3rd Men's; Leslie McMullin, 2nd Women's; Meighan McGee, 3rd Women's.

Team awards went to Coast Guard, 1st Men's; Presidio, San Francisco, 2nd Men's; NROTC-U.C.Berkeley, 3rd Men's; Moffett Women, 1st Women's; and two separate teams from U.S. Leasing won 2nd and 3rd.

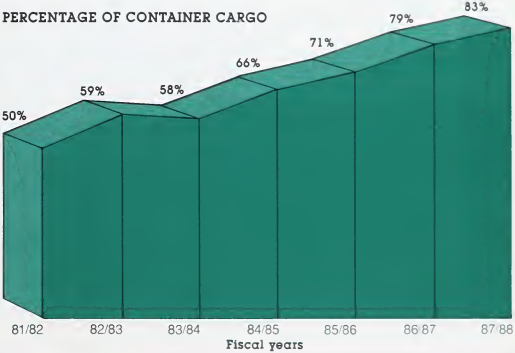
Medals were awarded to the top three men and women in each of seven age categories. All finishers received a Fleet Week Challenge long-sleeved t-shirt and were invited aboard the aircraft carrier *USS Ranger* that was berthed at Pier 32 during Fleet Week.

Following the race, drawings were held for two big prizes donated by co-sponsors. Grand prize was a free apartment for one full year in the new Bayside Village at South Beach. A second drawing was held for a "Fantasy Weekend" at the Sheraton at Fisherman's Wharf. Other sponsors and contributors to the event were Pier 39, KCBS News, Kashi, LU Cookies and UP Time.

Nearly $1500 ($1.00 of each entry) was donated by the Friends of the Port to the Guardsmen's Campership program. This year's race was managed by RhodyCo Productions.

Port of San Francisco's Corner on Trade

Port expansion of container facilities and an aggressive marketing program have increased the proportion of container cargo moving through the Port from 50% in fiscal year 81/82 to 83% in fiscal year 87/88. This trend reflects San Francisco's continuing shift from a breakbulk/bulk port to a container port.



Masts delicately maneuvered

Cargo Carriers "Participate" in San Francisco Regatta

Following a week of gruelling races in the Bay and offshore, seven sleek Australian yachts got a ride home, four aboard Columbus Line's *Columbus Victoria* and three aboard ACT/Pace Lines *Act 12*. The operators of the container crane at South Terminal had to delicately maneuver the fragile masts, athwartship extending across much of the vessels' 83-foot width. The yachts were picked up boat, cradle, chassis and all. Stevedoring Services of America was in charge of the loading on both ships.

Six of the Australian yachts, *Ronstan Ultimate Challenge*, *Once a Jolly Swagman Joint Venture*, *Sagacious V*, *Beyond Thunderdome* and *Rush* took part in the International One-Ton Worlds hosted this year by the St. Francis Yacht Club. The prestigious race attracts state-of-the-art sailing machines from around the world.

The seventh yacht, *Great News* raced in the annual Big Boat Series winning first overall in the 50-foot division.

Team Cirkeline, from Denmark, and the defending champion yacht *Fram X*, owned by the Crown Prince of Norway, got a ride to San Francisco earlier in the month aboard Wallenius Lines' massive car/truck (and now yacht) carrier, the *M.V. Faust*. Unlike their Australian counterparts, these yachts were "rolled-off" after the voyage from Göteborg, Sweden securely lashed down on one of the ship's 13 decks alongside a shipment of new Mercedes-Benz automobiles.

The One-Ton Class gets its name from the small French yachts which raced for the trophy in the 1890's. Today, these high-tech yachts, complete with on-board computers and made from such exotic materials as carbon fiber, kevlar and titanium, are raced in sailing regattas all around the world. With tight schedules and easily damaged hulls, these state-of-the-art yachts are shipped rather than sailed to their next destination.

By the end of the five-race regatta, Prince Harold was unable to defend the One-Ton title he won last year on *Fram X*, but placed a respectable third overall behind the winner, *Propaganda*, from New Zealand and San Francisco's own *Bravura*. *Team Cirkeline* came in 4th while the Australian challenges fared less well in the aggressive fleet of 24 yachts.

Yacht lifted aboard *Columbus Victoria*

Abidjan Becomes Sister Port

The West African port of Abidjan, Côte d'Ivoire, became the Port of San Francisco's newest "sister" when the directors of both ports signed a sister port agreement in San Francisco, September 30.

Jean Michel Moulod, director general of the Port of Abidjan, and Vello Kiisk, acting executive director of the Port of San Francisco, signed both French and English translations of the document. French is the official language of Côte d'Ivoire, which was a French protectorate from 1842 until its independence in 1960.

San Francisco established a sister city relationship with Abidjan in 1987. Since both San Francisco and Abidjan are major port cities with a strong potential for growth in mutual trade, a port-to-port agreement was a natural expansion of this relationship. The agreement will serve as a basis to promote increased trade and commerce to the benefit of both ports.

The sister port agreement was signed during an official sister city visit by a 30-member delegation of political and business leaders from Abidjan led by Mayor Ernest N'Koumo Mobio. In addition to meeting with city officials and becoming better acquainted with San Francisco, many of the delegates met with local businesses promoting investments and trade development during their 8-day visit.

Port Directors Vello Kiisk and Jean Michel Moulod sign the sister city proclamation for their respective ports.

Abidjan, a modern city of 2.5 million, one-third of the country's population, is the primary trading center of Côte d'Ivoire (Ivory Coast). Its port is the largest in West Africa. The Port of Abidjan handles 80% of the country's external trade and is a major transit point for goods to and from many of the surrounding African countries. Côte d'Ivoire is considered to be the most prosperous of the tropical African nations. It is the world's leading producer of cocoa and the third largest producer of coffee.

The Port of San Francisco is the major West Coast port for coffee and cocoa imports. Last year San Francisco handled over 88,000 tons of import coffee and 10,000 tons of import cocoa.

Among those attending the ceremony were Mayor Mobio and his delegation from Abidjan; Edgar Osgood, honorary Consul General for Côte d'Ivoire; San Francisco Deputy Mayor Claude Everhard, representing Mayor Agnos; Port Commission President Anne Halsted; Port Commissioner Arthur Coleman, and Rev. Cecil Williams, co-chair of the San Francisco Abidjan Sister-City Committee.

Acting Port Director Vello Kiisk and Edgar Osgood, honorary Consul General, (back left) with Abidjan delegation led by Mayor Ernest N'Koumo Mobio (front row, fourth from left).

MONTE

Bottle of champagne is poised over the bow ready to re-christen the *S.S. Monterey*

A Nostalgic Homecoming

On September 15, the *S.S. Monterey* returned home a new woman—or nearly so. The gleaming white ship serenely glided into San Francisco Bay to the amazement of all those who had watched her lay idle for years before being towed away. Who would have wagered that she would ever sail again!

But here she was. More splendid than ever before. Making a *third* maiden voyage nearly 36 years after her first.

The *S.S. Monterey* was built in Baltimore in 1952 and began life as a general cargo ship, the *Free State Mariner*. The vessel underwent a conversion in 1956 at Portland, Oregon, becoming a passenger/cargo ship and was re-christened the *S.S. Monterey*. The ship sailed the South Pacific for Matson Line until 1970 and for Pacific Far East Line until 1978. The ship remained tied up in San Francisco for almost a decade until it was purchased in 1986 by the SS Monterey Limited Partnership, a group of investors. The *Monterey* spent the next two years undergoing over $40 million in renovations at shipyards in Portland, Oregon; Tacoma, Washington; Turku, Finland, and Baltimore, Maryland.

The Platou Ship Design firm that was in charge of the interiors describes the resulting look with such phrases as "classic lines and original elegance." With the addition of 125 new cabins the ship now can accommodate up to 600 passengers in 299 staterooms. Almost everything is new—pool, entertainment lounges, dining room, theater, conference center, library, card room. It has a sports activity area on the top deck and a fully equipped spa.

The rebirth of the 563-foot, 21,051-ton liner is a bright step in the preservation of an endangered species—the American-flag ship. The ship has a 277-member American crew under Captain Adrian Jennings who was a skipper on American-flag Delta Line ships before the company's passenger service was discontinued in 1984. During its two-day visit to San Francisco, the ship was re-christened and Aloha Pacific Cruises, Inc., the company established to manage and market the ship's cruise operations, hosted a number of functions for VIPs, travel agents and press.

The *Monterey* left San Francisco September 16 bound for its new base in Honolulu. From Honolulu the ship operates seven-day cruises of the Islands with calls at Nawiliwili, Lahina, Hilo and Kona.

Maiden Call of *Nedlloyd Barcelona*

The 22,500 dwt *M.S. Nedlloyd Barcelona* was welcomed recently to the Port of San Francisco's North Container Terminal. The general cargo vessel has container capacity of 676 TEUs and is one of four sisterships that are being introduced into the line's monthly service to Australia, Africa and South and Central America, and back to the North American West Coast.

Aboard the Nedlloyd Barcelona (from left) are: Chief Officer R. G. A. Steenvoorde; James Eshen, California Stevedore and Ballast Company; Henry de Wit, Nedlloyd Lines; Captain R.B. de Vries; Hal McCarthy, California Stevedore and Ballast Company; Chief Engineer J.P. Smets and 2nd Engineer M. Tijdink.

M.V. Nedlloyd Barcelona

■ **Rogers Peters**, intermodal manager, and **John Neudecker**, trade development manager, attended the Western Cargo Conference (WESCCON) in Vancouver, B.C., October 6 to 9. The conference is held annually for freight forwarders, customhouse brokers, and customs personnel in the Western region, and attracts people from ports and steamship companies. The Port of San Francisco together with other west coast ports hosted the luncheon at which Federal Maritime Commissioner Elaine L. Chao was the speaker. In addition, the Port maintained a hospitality suite to promote its new Inland Annex in East Stockton and the reorganized Centralized Examination System (CES) at North Terminal. Representatives of both facilities were in attendance and joined Port personnel in their sales and marketing activities.

■ Four Port employees were honored for their performance on the job by the Citywide Employee Recognition Program. **Chuck Bevan**, a General Services Officer in charge of parking meter collections, was a second place winner for service above and beyond his regular duty. He was recognized for his after hours work, in cooperation with San Francisco Police Department, in the apprehension and prosecution of a meter money thief. The Port Commission presented Bevan with a commendation for his exemplary service last July (*Wharfside*, August/September).

Virna Wu, a senior clerk typist in the Commercial Property Department, was awarded a third place for her outstanding day-to-day performance on the job. In addition to her clerical duties, Wu is responsible for the rental and management of over 800 parking stalls. She was recognized for her poise, courtesy and cheerfulness in dealing with the public and coworkers, and for her initiative and accuracy in handling the details of her work.

Receiving honorable mentions for their outstanding on-the-job performances were Renee Jones and Bill Fite. **Renee Jones** is responsible for the dramatic reduction of accounts receivable at the Port since she became Collection Supervisor five years ago. The collection policy and procedures which she helped establish have become models for other agencies in the City.

Bill Fite supervises the Business Services Department and is responsible for purchasing, mail, supplies, car pool and various support services essential to the operation of the Port. Through the establishment of an excellent working relationship with the City Purchasing Department, vendors and Port personnel, and a well-organized department, he has contributed to the overall efficiency and morale of the Port.

The Citywide Employee Recognition Program is sponsored by the Mayor's Office in conjunction with the San Francisco Labor-Management Work Improvement Project. All honorees attended a reception in the Mayor's Office and are invited to an awards ceremony at the De Young Museum in December. Award winners received gifts donated by San Francisco business establishments.

Waterfront businesses that generously contributed gifts are: **Fog City Diner** (lunch for two), **The Waterfront Restaurant** (brunch for four), **Sinbad's Restaurant** (lunch for two), **The Cannery** (package including dinner at a Cannery restaurant and a show at Cobb's Comedy Club) and **Hornblower Yachts** (brunch cruise for four).

■ **Denise Turner**, wharfinger for the Fisherman's Wharf area, attended the 40th annual conference of the California Association of Harbormasters and Port Captains, Inc., held in Santa Cruz, October 17–20. In attendance were representatives of California's ports and public and private marinas. Keynote speaker Rear Admiral J.W. Kime, Commandant, Eleventh Coast Guard District, spoke on drug enforcement. Other topics at the conference included the greenhouse effect on coastal structures and the MARPOL V legislation for disposing of ship generated garbage. Turner participated in a roundtable discussion on the management of charter boat fleets.

■ In a special commendation, the Port Commission expressed its appreciation

Frank W. Meisenbach

to **Frank W. Meisenbach**, Assistant Superintendent for Piers and Wharfs, for his many years of dedicated service. Meisenbach retired September 26 after nearly 34 years at the Port. Meisenbach started as a deck hand in 1955 and has worked in a variety of maintenance jobs. In 1970 he became Construction and Maintenance Supervisor, a position he held until 1984 when he was named Assistant Superintendent. Meisenbach's late father also worked for the Port as a section man and fusion welder on the Belt Railway. Frank, Senior, retired in 1971 after 43 years of service. The Port is not left without a Meisenbach, however. Frank's son Tom Meisenbach began working for the Port in 1979 and is a member of the pile working crew.

Upcoming

December 19–20

Seabourn Pride, the first ship of newly formed Seabourn Cruise Line, will make its first appearance at San Francisco's Pier 35 Passenger Terminal. Exemplifying the Port's slogan that "great cruises begin or end in San Francisco", the ultra-deluxe cruise ship will discharge passengers from the ship's initial cruise—a trans-canal cruise originating in Ft. Lauderdale—and board passengers for the trans-canal cruise in the opposite direction. The 10,000-ton, 439-foot vessel carries 212 passengers.

January 6–8

Royal Viking Line's newest cruise vessel, the *Royal Viking Sun*, will be at the Pier 35 Passenger Terminal for its inaugural call and christening. Distinguished actor James Stewart and his wife, Gloria, will christen the ship on January 8, designated by Mayor Art Agnos as Royal Viking Sun Day in San Francisco. The Stewarts will be guests of honor at a shipboard gala the evening of January 7 benefitting the American Film Institute's National Center for Film and Video Preservation.

The 740-passenger, 38,000-ton luxury cruise ship will be a globe-ranging vessel offering itineraries to the best destinations on six continents, according to RVL President Joseph A. Watters. "There's no better way to emphasize this point than to christen this beautiful new vessel in a city as popular as San Francisco, then sail it around the world," Watters said. After the christening ceremony, the *Royal Viking Sun* will depart for a 100-day Inaugural World Cruise.

Tole Mour

Tall Ship Means Gift of Life and Health to Remote Islands

The *Tole Mour*, a newly built 156-foot, three-masted topsail schooner, gently sailed into San Francisco Bay October 15, in the wake of a parade of Navy vessels that led off this year's Fleet Week celebration. With a mission all of its own, the *Tole Mour*, meaning "the gift of life and health" in Marshallese, is on its maiden voyage enroute to the South Pacific to offer medical services and education to the nearly forgotten Marshall Islands half way between Hawaii and Papua New Guinea.

Berthed at Pier 41, the vessel underwent a few minor adjustment, took on supplies and a few passengers for the trip to Honolulu, held open house for the public, and, in general, gathered support for its mission.

The sailing ship was built and fitted in Seattle for Marimed (Maritime Medicine), a non-profit foundation. Following sea trials in Puget Sound during September, *Tole Mour* began its maiden voyage from Seattle October 3 making a stop at Portland before arriving in San Francisco.

It is designed specifically for its purpose. Outfitted with two examining rooms, dental and eye clinics, an X-ray room, diagnostic laboratory and pharmacy, the *Tole Mour* is prepared to handle most of the health problems that affect the residents of the tiny atolls that make up the Marshall Islands.

Stressing that the *Tole Mour* is not a hospital ship, Eyvonne L. Koch, operations manager for Marimed, explained that the ship is principally a health service vessel. "We will administer primary health care to the Marshallese as well as provide education and training for the outer island health assistants and traditional birth attendants (midwives). Minor surgery *can* be performed aboard the ship, however in the case of a serious illness, the patient will be referred to the hospital on the main island of Mashera."

Koch also explained that the education and training will have a local focus. "Rather than using Western ways to treat illnesses, we plan to utilize local materials and sources available on the islands. For example, we might prescribe 'six fresh fish a day' for a patient suffering from malnutrition, a primary concern throughout the area, instead of protein powders and pills. In the area of dental hygiene, we will show them how to make natural toothbrushes from twigs."

There are serious health problems in the islands. Many were brought during the United States trusteeship and others, as a result of exposure to weapons testing. The medical staff will be screening for cancer and immunizing children against diseases new to the islands. Other major concerns are alcoholism and a high rate of suicide among the young boys.

Honolulu-based Marimed has provided medical help in the inner Marshall Islands for several years. With the *Tole Mour* this service can be extended to the outer atolls. Not only is a sailing ship the most cost-effective type of vehicle for this purpose, but it is a familiar sight to the Marshallese whose lagoons have sheltered sailing ships for hundreds of years. When the *Tole Mour* slips into the atoll's lagoon, it will look right at home.

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Wharfside is published bi-monthly by the Port of San Francisco

Editor: Nancy F. Pitt
Design: Williams & Ziller Design
Photographs:
Air News Photos

SF
P55
W45
DECEMBER
1989

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Wharfside

December/January 1989

SPECIAL ANNUAL REPORT ISSUE WITH PROJECTS IN PROGRESS

Front cover: M.V. ACT 12 inaugurated ACT/PACE service to San Francisco.

PORT COMMISSION
CITY AND COUNTY OF SAN FRANCISCO
PORT OF SAN FRANCISCO

FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT

JUNE 30, 1988 AND 1987

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Independent Auditors' Report

The Honorable John C. Farrell, Controller,
City and County of San Francisco:

We have audited the accompanying balance sheet of the PORT COMMISSION CITY AND COUNTY OF SAN FRANCISCO, PORT OF SAN FRANCISCO ("Port") as of June 30, 1988 and 1987, and the related statements of income and retained earnings, and changes in financial position for the years then ended These financial statements are the responsibility of the Port's management Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Port as of June 30, 1988 and 1987, and the results of its operations and changes in its financial position for the years then ended, in conformity with generally accepted accounting principles.

Hood and Strong
Morris, Davis & Company
September 26, 1988
San Francisco, California

Balance Sheet

June 30, 1988 and 1987 (in thousands)

Assets		1988	1987
Current assets	Cash and investments, principally in City Treasury—Port operating fund	**$23,536**	$24,033
	Accounts receivable (less allowance for doubtful accounts 1988—$307, 1987—$711)	**2,126**	2,129
	Accrued interest receivable	**871**	896
	Materials and supplies	**1,210**	982
	Prepaid insurance and other assets	**1,113**	1,550
	Total Current Assets	**28,856**	29,590
Restricted assets	Cash and short-term investments:		
	Capital outlay	**17,981**	26,740
	Bond interest and redemption	**9,840**	9,768
	Lessee deposits held in trust	**1,340**	1,045
	Total Restricted Assets	**29,161**	37,553
Property, plant, and equipment—Net		**188,964**	180,650
Long-term receivable		**385**	346
	Total	**$247,366**	$248,139
Liabilities and Equity			
Current liabilities:	Accounts payable and accrued liabilities	**$4,309**	10,081
	Current maturities of bonded debt	**3,700**	3,635
	Accrued bond interest payable	**231**	253
	Total Current Liabilities	**8,240**	13,969
Payable from restricted assets:	Accrued bond interest payable	**2,548**	2,571
	Lessee deposits	**1,340**	1,045
	Total	**3,888**	3,616
Deferred revenue		**569**	8,948
Bonded debt—Less current maturities		**81,634**	85,232
	Total Liabilities	**94,331**	111,765
Equity:	Contributed capital	**15,208**	15,208
	Revaluation of property	**56,063**	56,063
	Retained earnings	**81,764**	65,103
	Total Equity	**153,035**	136,374
	Total	**$247,366**	$248,139

The accompanying notes are an integral part of this statement.

Statement of Income and Retained Earnings

Years ended June 30, 1988 and 1987
(In thousands)

		1988	1987
Operating revenues:	Property rentals—commercial	**$17,358**	$16,607
	Property rentals—maritime	**4,507**	4,929
	Wharfage, dockage, and demurrage	**6,264**	5,670
	Commercial power	**1,023**	923
	Other	**593**	1,328
	Total Operating Revenues	**29,745**	29,457
Operating expenses:	Operations	**10,239**	11,030
	Maintenance	**9,806**	10,472
	Depreciation	**3,829**	4,129
	Commercial power	**813**	733
	Fire boat operations	**904**	920
	Total Operating Expenses	**25,591**	27,284
Operating Income		**4,154**	2,173
Other income (Expense):	Lease termination revenue	**12,422**	
	Gain on sale of property, plant and equipment	**355**	
	Interest income	**2,863**	3,025
	Interest expense	**(3,133)**	(2,892)
	Total Other Income (Expense)	**12,507**	133
Net income		**16,661**	2,306
Retained earnings—	Beginning of year	**65,103**	62,797
Retained earnings—	End of year	**$81,764**	$65,103

The accompannying notes are an integral part of this statement.

Statement of Changes in Financial Position

Years ended June 30, 1988 and 1987
(in thousands)

		1988	1987
Sources of funds	Operations		
	Net Income	**$16,661**	$2,306
	Expenses not using working capital—depreciation and amortization	**3,932**	4,231
	Revenue not providing working capital—Recognition of deferred revenue	**(57)**	(335)
	Lease termination revenue	**(12,422)**	
	Gain on sale of property, plant and equipment	**(355)**	
	Total From Operations	**7,759**	6,202
	Lease termination—value of property received	**4,100**	
	Proceeds from sale of property, plant and equipment	**476**	
	Decrease in restricted assets	**8,392**	10,132
	Increase in liabilities payable from restricted assets	**272**	143
	Total	**20,999**	16,477
Uses of funds	Acquisition of property, plant, and equipment	**12,265**	13,067
	Reduction of noncurrent bonded debt	**3,700**	3,635
	Additional long-term receivable	**39**	31
	Total	**16,004**	16,733
	Increase (Decrease) in working capital	**$ 4,995**	($ 256)
Working capital increase (decrease) by component:	Cash	**($ 497)**	$2,972
	Accounts receivable	**(3)**	(219)
	Accrued interest receivable	**(25)**	(755)
	Materials and supplies	**228**	71
	Prepaid insurance and other assets	**(437)**	23
	Accounts payable and accrued liabilities	**(5,772)**	(2,253)
	Current maturities of bonded debt	**(65)**	(115)
	Accrued bond interest payable	**22**	20
	Increase (Decrease) in working capital	**$ 4,995**	($ 256)

The accompanying notes are an integral part of this statement.

Highlights of 1987/88

■ Operating income nearly doubled last year reaching $4,154,000.

■ Cargo tonnage increased 8% and totaled 3,159,000 metric revenue tons.

■ Two new cargo lines moved their Bay Area operations to the Port of San Francisco—Blue Star Line and ACT/PACE.

■ A U.S. Customs Centralized Examination Station was established on-dock at North Container Terminal.

■ Two new Hyundai/Paceco container cranes at North Container Terminal became operational.

■ Access channels to a 42-foot depth were dredged to North and South Container Terminals.

■ The Port signed a lease agreement with Southwest Marine for the former Todd Shipyard property that includes approximately $12.5 million in ship repair equipment, drydocks and cranes, acquired by the Port as a result of a lease termination agreement with Todd Shipyard.

■ A conceptual plan for the development of commercial fishing facilities at Fisherman's Wharf was adopted by the Port Commission.

■ A Cruise Industry Task Force was formed to attract more cruise ships and more cruise passengers to San Francisco.

■ Approximately 300 building permits were processed by the Port Engineering Department.

■ A record 23 teams competed in this year's annual Port Promenade Whaleboat Race held each May. For the fourth consecutive year, the Port and Friends of the Port co-sponsored the October Fleet Week Challenge Run.

■ The year brought changes in leadership to the City and the Port. In January 1988, Art Agnos became mayor of the City of San Francisco and Vello Kiisk was named acting executive director of the Port. Anne Halsted was elected president of the Port Commission and James Herman, vice president.

Financial

In fiscal year 1987/88 the Port of San Francisco's operating revenues were $39,745,000 resulting in a slight increase over 1986/87. This, together with a decrease in expenses, gave the Port an operating income of $4,454,000, an increase of $1,981,000 over 1986/87. Usually, net income or "the bottom line"—the figure used to compare this year with previous years and to assess how the Port fared. However, the 1987/88 net income, $16,661,000, includes property assets acquired by the Todd Shipyard lease termination which inflated this year's figure to be a whopping $14,355,000 over last year's. For this reason, operating income gives a clearer picture of available income and of just how the year shaped up for the Port.

The Port's accounting department reports significant gain this year in decreasing accounts receivable and in setting up a cost accounting system. Accounts receivable decreased by $379,000, or 22% to $1.3 million during the 1987/88 fiscal year. This was due to the continued enforcement of the Port's aggressive collection policy.

The conceptual design for a facility cost accounting system is in the final stages. When completed and implemented, the system will provide revenue and expense information by individual facility.

Cargo Operations

San Francisco became a stronger player in the Australia/New Zealand trade this year when two new shipping lines—Blue Star Line and ACT/PACE—shifted their Bay Area operations to San Francisco. Blue Star Line's West Coast service calls ports in New Zealand and several Pacific islands (Hawaii, American Samoa, Fiji and Tahiti), while ACT/PACE calls ports in Australia with occasional calls in Hawaii, Fiji and New Caledonia on the northbound voyages. They join two other lines that operate in the Australia/New Zealand trade route from San Francisco. Columbus Line, a long-time user of the Port of San Francisco, calls both New Zealand and Australia. Nedlloyd ships serve Western Australia. Although Blue Star Line and ACT/PACE did not move to San Francisco until near the end of the fiscal year, the additional tonnage resulted in an increase of one percent in the share of San Francisco's cargo that is carried in the Australia/New Zealand trade.

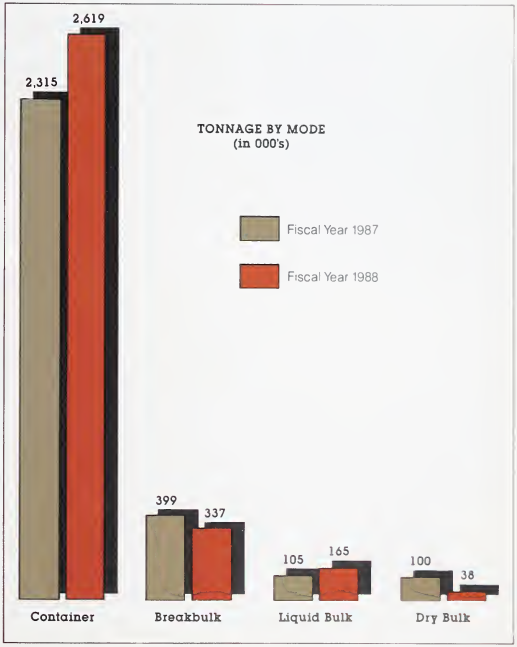
The transpacific route continues to dominate the trade through San Francisco. In fiscal year 1987/88 this trade route accounted for 66% of the general cargo, nearly the same as last year.

During 1987/88 fiscal year, 532 general cargo vessels and 31 bulk vessels called the Port of San Francisco. The Port handled a total of 3,159,000 metric revenue tons, an increase of 8% over the previous year. San Francisco now has a 17% market share of foreign cargo moving through the Bay Area, up from 15% in 1986/87.

Looking at the tonnage by mode, container tonnage continued to increase as breakbulk tonnage declined. A total of 123,490 TEUs were handled by the Port in 1987/88. Bulk cargoes which account for only 6% of the total tonnage of the Port averaged out to about the same as last year. However, this year it was the liquid bulk (tallow and coconut oil) that enjoyed an increase while dry bulk (fish meal and grains) declined.

Exports rose 12% this year, compared to 4% for imports, and constitute 53% of the Port of San Francisco's total trade. Leading exports were animal feed, cotton, waste paper, iron and steel scrap, fruit and nuts, and synthetic resin, while major imports were newsprint, coffee, autos, fishmeal and beverages.

A U.S. Customs Centralized Examination Station (CES) was established at the Port of San Francisco in August 1987. The new centralized inspection system was established by Customs to provide increased service with fewer inspectors. The Port facility, located in Shed D, North Container Terminal, was selected to be one of four Bay Area examination sites. By operating a CES on San Francisco's docks, the Port could provide an additional service for carriers that use Port of San Francisco terminals. This CES offers the easiest clearance of ocean cargo entering the Port of San Francisco. The facility is operated for the Port of San Francisco by Port Distribution Center.



By reaching higher and wider and digging deeper the Port continued enhancing its facilities to accommodate the latest generation of container ships. In May, testing was completed and certification issued on the two new post-panamax Hyundai Paceco container cranes at North Container Terminal. The 100-gauge, 40-ton container cranes have a clear lift height of 95 feet and an outreach of 130 feet. Recently these cranes operated at 47 moves per hour, a new record for the Port of San Francisco. The 1970's vintage "first generation" crane at North Terminal was sold in February. The 30-long Ion Paceco was the first container crane in operation at the Port of San Francisco.

Two container cranes at South Container Terminal are scheduled to be raised during the 1988/89 fiscal year which will give these cranes a clear lift above high water of 103 feet 6 inches.

Other facility improvements included the installation of pile supported crane rails for the new cranes and extensive repaving at North Terminal. Supplemental lighting was added at South Terminal.

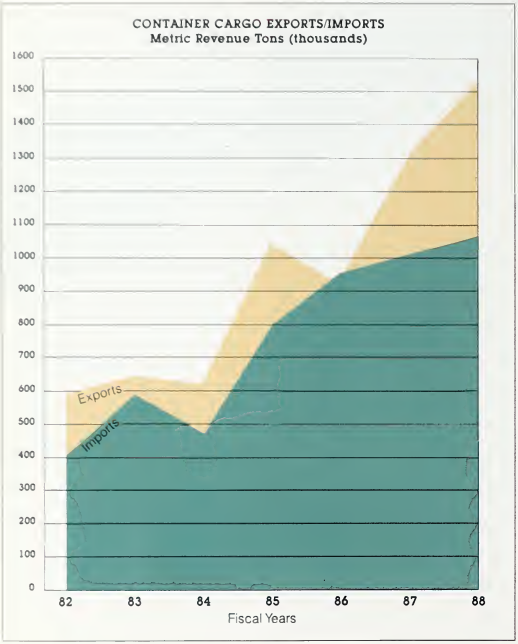
Two new access channels more nearly paralleling the natural tidal currents in the Bay were dredged to North and South Terminals. Dredged to a depth of 42 feet, the new channels can accommodate the largest container ships that enter the Bay and allow more maneuverability in docking under all tide and current conditions. San Francisco's access channels are currently the deepest general cargo channels in the Bay Area, yet only 700,000 cubic yards of bay mud needed to be removed. These two new access channels together with the two previously established channels allow ships broad docking flexibility. Additional navigational aids were installed to mark the new channels and their entrances.

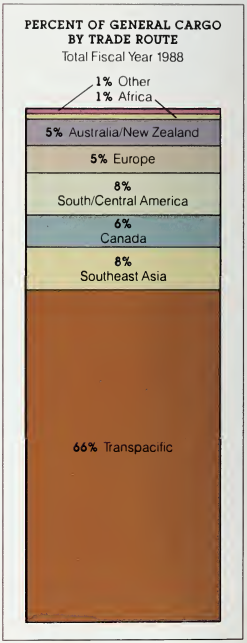
Further dredging is scheduled for the 1988/89 fiscal year following the approval of a $1.2 million dollar maintenance dredging program. Dredging will be conducted around the container terminals, passenger terminal and other piers.

A new contract was negotiated with Foreign Trade Services to continue operating Foreign Trade Zone #3 for the Port. The Port and operator will be cooperating in marketing the zone.

A haycube transloading facility was established in San Francisco increasing the cargo base for California agricultural products. Hay cubes are the largest export cargo from Northern California to Japan. The facility doubled its size in its first year of operation.

At the close of the fiscal year, June 30, 1988, negotiations were underway with two separate companies that would increase the trade opportunities for shipping lines using the Port of San Francisco. Since then, a lease has been signed with Parker Warehouse, the largest and oldest cotton ware-





house operator in the area, establishing a large-volume cotton warehouse at Pier 15/17.

In East Stockton, an agreement with Stockton Terminal and Eastern Railroad Company established an "inland Port annex" to serve as a nation-wide distribution center for imported goods as well as an export center for Northern California products. The annex consists of ample warehousing in an uncongested area with access to multiple freeway and rail systems.

One very important event straddling the fiscal years was the acquisition of Southern Pacific Railroad by the Denver, Rio Grande and Western Railroad. This action paves the way for a true partnership in intermodal activities with the new Southern Pacific Lines and the opportunity to move forward on a tunnel modification program that will give the Port of San Francisco double stack capabilities.

Cruise Operations

The Port of San Francisco last spring spearheaded formation of a Cruise Industry Task Force composed of representatives of the travel, tourist, and service industries, in fact anyone with an interest or stake in the future of San Francisco's cruise business was invited to participate. The Task Force was charged with examining the market and developing strategies to attract new cruise lines to San Francisco and to create a greater customer demand for San Francisco as a port-of-call.

Surveys of cruise passengers have shown that San Francisco is their favorite U.S. port—and their fourth favorite of all ports in the world. Then why should San Francisco need to market itself?

Since 1980 the number of cruise ships calling San Francisco and the number of passengers coming through our passenger terminal had steadily increased—until last year. The initial decline was attributed to a comparison with the inflated 1986 figures when the Vancouver Expo and fears of terrorism in the Mediteranean brought more ships to the West Coast. However, the trend toward shorter cruises departing from ports closer to their destinations clearly has affected the number of ships and passengers coming to San Francisco. This year 45,000 passengers embarked or disembarked at San Francisco on 83 ship calls. This 38% decrease is attributed partly to the shift by Princess Cruises of its embarkation port for Alaska cruises from San Francisco to Vancouver. The Task Force is a unified regional effort to counter this trend and to expand San Francisco's cruise market.

The cruise industry directly contributes over $60 million annually to the local economy and over 600 jobs in the transportation, hotel, restaurant, retail and entertainment industries, according to a recent impact study. Each ship call generates $434,500 of direct local revenues ($1,373,020 of direct, indirect and induced revenues) for the City. Each passenger that embarks or disembarks at the Port of San Francisco creates a total economic impact of more than $1,800.

This year the newly built *Wind Song*, a 150-passnger, four-masted sailing ship, came to San Francisco before heading to French Polynesia for its regular cruises through the Islands. This unique vessel combines the romance of sailing with the efficiency of modern technology. With California accounting for a large percentage of the world's total cruise passengers, cruise operators often choose San Francisco to introduce and promote new ships. During 1988-89, three cruiseships are being christened or re-christened in San Francisco.

Windstar Sail Cruises picked San Francisco to preview its new high tech sailing ship *Wind Song*.

Ship Repair Operations

Southwest Marine relocated its ship repair operation from Pier 28 to the former Todd Shipyard property adjacent to Pier 70, signing a 30-year lease on approximately 24 acres of the property. This gives Southwest Marine the use of two drydocks—a 21,000-ton and a 65,500-ton.

Through a settlement with Todd Shipyard for terminating its lease after closure of its San Francisco operation, the Port acquired ownership of the drydocks and cranes. This acquired property is included under "other revenues" in the financial statement.

In 1987/88 San Francisco's major ship repair facilities contributed $3 million to the Port's revenue. This is a 12% decrease from the previous year, the result of consolidation of the industry and the reduction of from four to three companies on the San Francisco waterfront.

PROJECTS IN PROGRESS

Fisherman's Wharf Seafood Center

The 1987/88 season was excellent for the Dungeness crab fishermen in San Francisco when the catch totaled 3.1 million pounds, the highest here since the 1959/60 season. Herring, which has a quota each year based on the estimated number of herring in the Bay, had a quota of 8,500 tons for 1987/88. Actual catch was 8,726 tons. While traditionally the most important seafood landed in San Francisco, these are not the only species caught here. The diversity of harvest has steadily increased and now includes large numbers of rockfish and sablefish. As a result of this activity and the rapidly growing public demand for more high quality seafood, expanded and improved facilities are needed.

In August 1987, the Port Commission adopted a conceptual development plan that would make Fisherman's Wharf one of the largest, most modern and most visible commercial fishing harbors in the United States. This plan grew out of the need for more efficient and up-to-date facilities for the commercial fish industry and was developed through a joint effort of the Port, fishing industry, business and resident groups. The plan calls for the construction of new commercial fishing berths at the foot of Hyde Street, for the development of new fish handling space on Pier 45, and for the addition of storage and support facilities at Hyde Street, Pier 45 and Fish Alley. Other facilities that could be included in the redeveloped Pier 45 are a farmer's market-style seafood retail operation, a flume tank to test fishing gear, and outlets for aquaculturists.

A consultant team was selected to design the first phase of the development. The team presented the final engineering designs for both the harbor and for the new or rehabilitated facilities together with an economic feasibility report on the project to the Commission in October 1988. Construction is expected to begin on the $22.8 million project in March 1990 and take about 16 months.

Northern Waterfront Redevelopment Survey

A planning study for the Northern Waterfront, an area that includes Fisherman's Wharf, Piers 33–35, Pier 39 and Municipal Pier, is being prepared under the joint direction of the Redevelopment Agency, Planning Department and the Port. The study will determine how best to develop or redevelop land and facilities in the study area.

Consultants, hired to assist in the study, made a preliminary report of proposed project preferences and design solutions to the Fisherman's Wharf Citizens Advisory Council January 18.

Intermodal Projects

The Port is currently negotiating an agreement with Southern Pacific for intermodal improvements to accommodate double stack trains. The rounded configuration and insufficient height of two tunnels on the San Francisco peninsula currently prevent the Port from offering double stack service. Under a tunnel modification program, the roadbed in the tunnels will be lowered adding the space needed to accommodate two 9'6" containers; high, wide and heavy loads, and tri-level auto carriers.

In order to move the project along as quickly as possible, Southern Pacific will contract for the design of the tunnel modication at the same time the negotiations are going on. October 1989 is the target date for completion of the project.

Pier 7

Construction of the new public access and fishing pier may begin in 1989. A bid package has been prepared integrating the plans and specifications of the project consultants and those of the Port Engineering Staff. The project consists of building an 837-foot-long recreation pier in the vicinity of the existing Pier 7. (Both the existing Pier 7 and Pier 5 will be removed.) The pier will be well-lighted utilizing vintage-type street lamps and will be equipped with benches and fish cleaning tables. An ornamental iron handrail will completely encompass the pier. Funding for the project is by the Port, Recreation and Park Department, Wildlife Conservation Board and the California Coastal Conservancy.

The project will go out for bid in the spring of 1989. Cost, including the cost of demolishing the two piers, has been estimated at $6.5 million.

RACERS Project

The Port of San Francisco together with other members of the Golden Gate Ports Association is cooperating with U.S. Customs and the U.S. Maritime Administration in the RACERS study project. The study explores the advantages of regional port groups providing electronic ties with Customs, on a community basis, to shipping companies, exporters and brokers, as opposed to the individual set-ups that some larger shipping companies and brokers now have.

Piers 24–26

Following discussions with yachting and boating groups over the past year, a Request for Proposals for the development of an International Maritime and Yachting Center on Piers 24 and 26 was issued in early January, 1989. The Center would be designed to promote sailing and yachting as major businesses and recreational outlets, and to highlight the valuable cultural, sporting and educational resources that these industries and associated activities

provide San Francisco. Some of the uses that could be included are: yacht berthing, designing, sailmaking, sailing school, charter tours, competitions, trade shows and exhibits, boat rental, and public programs and activities relating to boating.

A pre-proposal "conference" was held the end of January and the proposals are due April 17.

Cruise Industry Task Force

An aggressive marketing plan for attracting more cruise business to San Francisco was unveiled by the Task Force in September. Directed at travel agents, cruise operators and the traveling public, the program will raise San Francisco's "destination profile" at trade shows, in the offices of travel agents and in the media. Implementation of the program will begin in 1989.

Embarcadero Parkway and Transit Projects

The Final Report of the Embarcadero Urban Design Study was completed in December. The Design Study lays out plans for the Embarcadero Parkway, a beautification project which will provide a park-like right-of-way the length of the Embarcadero from King Street to Fisherman's Wharf. Included in these plans is a MUNI Metro turnaround for the Market Street subway along (or under) the Embarcadero, a light rail transit from Market Street south to the Mission Bay Project Area, and the F-Line historic streetcar system from Market Street to Fisherman's Wharf. The roadway and significant adjoining parcels are under the ownership and jurisdiction of the Port of San Francisco. However, a number of city agencies are participating in varying degrees—Department of Public Works, Public Utilities Commission, Redevelopment Agency, Department of City Planning, Arts Commission and Recreation and Parks Department. Port of San Francisco representatives serve on both the Management Oversight Committee and the Technical Advisory Committee.

A Draft Environmental Assessment for the roadway is scheduled for release next summer (1989) followed by public hearings in the fall. An Environmental Clearance is expected in early 1990, barring any significant environmental impacts. The granting of Environmental Clearance will allow roadway project construction to begin in the fall of 1991, with completion scheduled for mid-1993.

Notes to Financial Statements

Note 1. Significant accounting policies

Organization: The Port of San Francisco ("Port") is an enterprise fund of the City and County of San Francisco ("City"). A five-member Port Commission is responsible for its operation, development, and maintenance. Commission members are appointed by the City's Mayor for terms of four years. The Port is an integral part of the City, and the accompanying financial statements are included as a component of the City's Comprehensive Annual Financial Report.

Prior to February 1969, the Port was owned by the State of California ("State") and administered by the San Francisco Port Authority, a State agency. In February 1969, the Port was transferred in trust to the City under the terms and conditions specified in the State statutes of 1968, Chapter 1333 ("Burton Act"), as amended, and ratified by the City's voters in November 1968.

Under the terms of the Burton Act, the State Legislature reserved the right to amend, modify, or revoke, in whole or in part, the transfer of lands in trust, provided that the State would then assume all lawful obligations related to such lands.

Materials and Supplies: Materials and supplies are used for construction and maintenance of Port facilities and are stated at cost (approximates first-in first-out method).

Property, Plant and Equipment: Land transferred to the City in February 1969 is stated at an amount which includes an increase over historical cost of $56,063,000. This amount was recorded by the State in prior years to reflect appraised values in 1929. The Port's management estimates that the fair market value of such land significantly exceeded recorded amounts at the time of the transfer.

Other property, plant and equipment is carried at cost or at fair market value at the date received in the case of property received by donation or by termination of the lease.

Depreciation is computed by use of the straight-line method over the estimated useful lives of the assets. Land improvements (principally pavement and railroad tracks) with a cost of approximately $18,000,000 are not depreciated because, in the opinion of management, the assets will be maintained to provide indefinite useful lives. Maintenance and repairs are expensed as incurred.

Interest paid on bond funds used for construction purposes, less interest earned on the temporary investment of the proceeds of such borrowings is capitalized from the date of borrowing through the construction period.

Note 2. Cash and investments

The Port maintains its cash and investments and a portion of its restricted asset cash and investments as part of the City's pool of cash and investments. The City's pool is invested pursuant to investment policy guidelines established by the City Treasurer. The objectives of the policy are, in order of priority, preservation of capital, liquidity, and yield. The policy addresses soundness of financial institutions in which the City will deposit funds, types of investment instruments as permitted by the California Government Code, and the percentage of the portfolio which may be invested in certain instruments with longer terms to maturity. In addition, a City ordinance prohibits deposits and investments with financial institutions having specified relations with either the government of South Africa or certain private entities doing business with or in South Africa. The Comprehensive Annual Financial Report of the City categorizes the level of risk associated with the City's pooled cash and investments.

Notes to Financial Statements

(continued)

Note 2. Cash and investments (continued)

At June 30, 1988 and 1987, cash and investments held by trustees includes the following:

	1988	(In thousands) 1987
U.S. Agency Instruments	**$9,840**	$9,762
Certificates of Deposit		6
	$9,840	$9,768

The cost approximates market value and the investments generally mature within one year. U.S. Agency instruments are held by a broker or dealer, or by its trust department or agent, but not in the Port's name.

Note 3. Property, plant, and equipment

At June 30, 1988 and 1987, property, plant and equipment consisted of:

	1988	1987	Estimated Useful Life (Years)
	(In thousands)		
Land and land improvements	**$112,904**	$115,804	
Buildings, structures and related improvements	**144,732**	131,819	5–60
Equipment	**4,450**	4,759	5–40
Total	**262,086**	252,382	
Less accumulated depreciation	**(88,656)**	(85,319)	
Net	**173,430**	167,063	
Construction work in progress	**15,534**	13,587	
Total	**$188,964**	$180,650	

Total interest cost was $6,678,000 and $6,854,000 for fiscal years 1988 and 1987, of which $3,545,000 and $3,962,000 was capitalized, respectively. Total interest earned was $4,669,000 and $6,018,000 for fiscal years 1988 and 1987, of which $1,806,000 and $2,993,000 was capitalized, respectively.

The cost of fully depreciated assets still in use was approximately $51,800,000 and $48,000,000 at June 30, 1988 and 1987, respectively.

Note 4. Deferred revenue:

In fiscal 1983 the Port had the opportunity to purchase land, drydocks and cranes for $14 million, under a right of first refusal option. In lieu of the acquisition, an agreement was made between the seller, the Port and a third party whereby the Port acquired the land for $1 subject to a thirty-year lease with the third party. In fiscal 1988, the Port and the tenant entered into a lease termination agreement. In consideration for the lease termination, the Port received the drydocks and cranes.

Of the $14,000,000 total property value received, $9,900,000 was recorded previously as deferred revenue, and was being recognized as rental revenue over the lease term. The balance of $4,100,000, together with the unamortized deferred revenue of $8,322,000, has been recognized as lease termination revenue in the accompanying statement of income and retained earnings in 1988.

Notes to Financial Statements
(continued)

Note 5. Bonded debt

At June 30, 1988 and 1987, bonded debt consisted of

	Interest Rate (%)	Fiscal Year Last Series Matures	1988	1987
			(In thousands)	
General Obligation Bonds:				
State of California:				
Third Seawall 1913	4.0	1989	**$105**	$240
Fifth Seawall 1958, Series B, F, G, and H	3.25–4.70	1999	**10,440**	12,075
City and County of San Francisco—Harbor Improvement 1971:				
Series A	4.5–5.25	2003	**12,000**	12,800
Series B	6.0–6.3	2005	**6,800**	7,200
Total General Obligation Bonds			**29,345**	32,315
Revenue Bonds:				
Series A 1969	7.0–7.2	1999	**8,600**	8,900
Series B 1971	5.25–5.5	2001	**6,525**	6,800
Series C 1984	9.5–11.5	2009	**42,410**	42,500
Total Revenue Bonds			**57,535**	58,200
Total Bonded Debt			**86,880**	90,515
Less:				
Current maturities			**3,700**	3,635
Unamortized discount—Revenue Bond Series C			**1,546**	1,648
Total Long-Term Bonded Debt			**$81,634**	$85,232

The bonds mature as follows:

Year Ending June 30 (In thousands)	State of California	City and County of San Francisco	Revenue Bonds	Total
1989	$ 1,740	$ 1,200	$ 760	$ 3,700
1990	1,635	1,200	880	3,715
1991	1,060	1,200	1,065	3,325
1992	1,055	1,200	1,505	3,760
1993	1,055	1,200	1,595	3,850
Thereafter	4,000	12,800	51,730	68,530
Total	$10,545	$18,800	$57,535	$86,880

The revenue bonds are collateralized by the net revenues of the Port, as defined by the bond resolution, are subordinated to the general obligation bonds of the State, and are on a parity with any future revenue bonds. The general obligation bonds issued by the City are subordinated to the revenue bonds and any future revenue bonds.

Note 6. Operating Revenues—Property rentals

The revenue bonds require that net revenues of the Port, as defined, be at least 1 3 times the debt service requirements of such bonds for the following twelve months Certain bond resolutions require that the Port maintain funds for the purpose of accumulating assets which are restricted to interest and principal payments Such resolutions prescribe the amounts to be accumulated and the types of securities in which the restricted assets may be invested, as discussed in Note 2

Under the terms of the revenue bonds covenants, insurance proceeds may be used for reconstruction of the property or for construction of related property. If the proceeds are not used for those purposes, they must be applied to the redemption of bonds as provided in Article III, Port Commission Resolution Number 5231 At June 30, 1988 and 1987, restricted capital outlay funds included unexpended fire insurance proceeds of $2,153,000 and $2,203,000, respectively

The Port leases property and facilities to others. These leases provide for 30-day cancellation or for retention of ownership by the Port at the termination of the agreement. Accordingly, all leases are accounted for as operating leases.

Certain of the Port's property rental agreements specify rental payments based on a percentage of tenant sales, subject to a minimum amount. Property rental revenues were comprised as follows:

	1988	(In thousands) 1987
Minimum rentals	**$17,660**	$17,766
Percentage rentals	**4,205**	3,770
	$21,865	$21,536

Minimum future rental income under noncancellable operating leases having terms in excess of one year are as follows:

Year ending June 30: (In thousands)	
1989	$ 7,948
1990	7,552
1991	7,420
1992	7,055
1993	6,167
Thereafter	178,042
Total	$214,184

The approximate cost of property subject to operating leases and property held for lease at June 30, 1988 consisted of:

Land and land improvements	$ 47,000
Buildings, structures, and related improvements (at cost, less accumulated depreciation of $80,000)	56,000
Total	$103,000

Notes to Financial Statements

(continued)

Note 7. Employee benefit plans

Retirement Plan: The City has a defined benefit retirement plan (the Plan) which is administered by the San Francisco City and County Employees' Retirement System (Retirement System). The Plan covers the majority of full time employees of the Port along with other employees of the City. The Plan provides retirement, death and disability benefits. Benefits are based on specified percentages of average final compensation and length of service, with annual cost-of-living adjustments after retirement.

The Plan is financed primarily by: (a) contributions from the City which include contributions from the Port; (b) employee contributions; and (c) income from investments. Pension expenditures of the City, including that of the Port, are based on rates set by the Retirement Board of the Retirement System. Annual contributions to the Plan are equal to amounts accrued for pension expense and include amortization of past service costs through June 30, 2000. The City determines contributions due from each fund based on employer payroll. Pension costs relating to the Port were $1,310,000 and $1,190,000 for 1988 and 1987, respectively. The City met the actuarily determined contribution requirements for the years ended June 30, 1988 and 1987.

The latest actuarial valuation of the Retirement System was completed in February 1988 and was based upon employee data and asset information as of June 30, 1987. The significant economic assumptions used in this valuation were an annual return on investments of 8%, an annual increase in wages attributable to inflation of 6.5%, annual consumer price index increases of 5% and an expected future growth in the number of employees of 0%.

The following information is presented as a result of this valuation as of June 30, 1987 and includes substantially all City fund groups:

	(In Millions)
Pension benefit obligation	$4,244
Net assets available for benefits at cost (market value $3,327)	3,221
Unfunded pension benefit obligation	$1,023

The amount of assets and obligations for the Port employees is not separable from the total City plan. Detail of the total plan assets and obligations are reported in the City's Comprehensive Annual Financial Report.

Certain employees who commenced their employment at the Port prior to February 1969, participate in the State of California Public Employees Retirement System (PERS). Contributions to PERS totalled approximately $130,000 and $184,000 for 1988 and 1987, respectively.

Prior to 1987, the Port was obligated to annually contribute $169,000 until July 1, 1989 to PERS for settlement of an unfunded liability. In 1987, the Port suspended payments based on advice of the PERS' actuaries. The remaining unfunded liability, approximately $650,000, is expected to be eliminated as a result of actuarial gains.

Deferred Compensation Plan: The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all Port employees, permits them to defer a portion of their salary until future years.

The amount of assets and related participant obligations for Port employees is not separable from the total City plan. The total plan assets and obligations are accounted for in an agency fund of the City and are included in the City's Comprehensive Annual Financial Report.

Health Care Benefits—Retired Employees: The Port provides health care benefits for retired employees. Substantially all of the employees may become eligible for these benefits if they reach normal retirement age. Those benefits, and similar benefits for active employees, are provided through the City's Health Care System. The Port recognizes the cost of providing the benefits by expensing the annual insurance premiums, which were approximately $258,000 and $210,000 for the years ended June 30, 1988 and 1987, respectively. The cost of providing benefits for the retirees is not separable from the cost of providing benefits for the active employees.

Notes to Financial Statements

(continued)

Note 8. Related party transactions

The Port receives services from various City departments. The cost of these services, included as operating expenses in the financial statements, was approximately $2,700,000 in 1988 and $2,400,000 in 1987.

Included in accounts payable and accrued liabilities are amounts due to City departments of approximately $197,000 and $2,441,000 at June 30, 1988 and 1987, respectively.

Note 9. Commitments and contingent liabilities

The Port is presently planning various development projects which involve a commitment to expend significant capital funds. The Port had firm purchase commitments at June 30, 1988 for approximately $3,346,000 for construction, material and services.

Under a management advisory contract signed in December 1973, the Port transferred its railroad operations to Port Railroad, Inc. for a period of twenty years. The contract is cancellable by Port Railroad, Inc. with nine months' written notice.

The Port is a defendant in various lawsuits; most deal with personal injury or property damage resulting from accident or fire and are covered by insurance. In the opinion of counsel the likelihood of an unfavorable outcome is probable in some of the suits and, accordingly, accrued liabilities include the aggregate amount of deductibles under applicable insurance policies. However, a substantial number of the lawsuits are in the discovery stages and counsel to the Port cannot express an opinion as to the possible outcome of such litigation. The ultimate resolution of such matters is not expected to have a material effect on the Port's financial position or results of operations.

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Wharfside is published bi-monthly by the Port of San Francisco

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Design: Williams & Ziller Design
Photographs:
Air News Photos
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